As of 11 a.m. ET **DJIA** 10380.59 ▲ 0.95% **FTSE 100** 5342.92 ▲ 0.52% **Nikkei 225** 10198.83 ▼ 1.48% **Shanghai Comp.** 3022.18 ▲ 1.33% **Hang Seng** 20467.74 ▼ 0.75% **Sensex** 16255.97 ▼ 0.19% **S&P/ASX 200** 4648.52 ▼ 1.48%

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Toyota critics press case

U.S. transportation chief says recalled models 'aren't safe' unless fixed; electronics questioned

By Joseph B. White

WASHINGTON—U.S. Transportation Secretary Ray LaHood said Wednesday **Toyota Motor** Corp. vehicles affected by recent recalls aren't safe unless they receive needed repairs, and added that his agency can't say conclusively whether or not electronic problems are at fault for sudden-acceleration incidents.

Mr. LaHood, appearing before Congress, was asked twice by lawmakers on the House Oversight and Government Reform Committee whether Toyota's recalled vehicles were safe. When Rep. Elijah Cummings (D., Md.) pressed him, Mr. LaHood replied: "Let me answer you very directly, Mr. Cummings. Those are not safe...We've determined they're not safe."

Mr. LaHood also said the National Highway Traffic Safety Administration will conduct a deeper review of automotive electronics issues.

"There are people that believe there are electronics problems with Toyotas, and that's the reason we are going to do a review," he said. "We don't have evidence to say conclusively that there are electronic problems."

Mr. LaHood's comments drew concern from Rep. Mark Souder (R., Ind.), who said car makers could be held up to an artificial standard that vehicles be "100% safe." Can a vehicle be 100% safe, Mr. Souder asked Mr. LaHood. Mr. LaHood said, "our goal is to make vehicles 100% safe."

Mr. LaHood said more needs to be done to prevent former government safety officials from lobbying NHTSA. His comment came in response to questions about two Toyota safety officials who formerly worked for NHTSA.

Separately, A former top U.S. executive of Toyota, Jim Press, blamed the safety crisis at the company on former executives too focused on profitability, and said current President Akio Toyoda is "the only person who can save Toyota."

Mr. Toyoda is expected to testify before the committee Wednesday.

Mr. Press, who was the senior American executive at Toyota's U.S. sales operations and later its North American unit, said in a statement

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AP Photo

Toyota President Akio Toyoda, center, and Rep. Darrell Issa, second from right, leaving a meeting on Capitol Hill in Washington.

■ 'Toyota Way' faces questions amid the crisis 12

Tighter credit takes toll in China

By Andrew Batson

BEIJING—China's local governments, which ran up huge debts during the record-breaking lending spree of the past year, are now feeling the pinch as authorities in Beijing tighten credit.

Off-balance-sheet borrowing by cities, counties and provinces helped finance a wave of public-works construction last year that contributed to the nation's growth. Now regulators in Beijing, worried that local governments won't be able to pay back all their loans, are increasing their scrutiny of this kind of debt.

That's likely to constrain the number of infrastructure projects that local governments launch this year, meaning a smaller boost to the economy as the nation's stimulus program enters its second year. The lion's share of that stimulus consists not of government funding but enormous lending by state banks.

"While tighter credit is unlikely to affect most ongoing investment projects, especially since many stocked up on financing in 2009, local governments will have their work cut

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Poaching in China

Technology companies in China are aggressively trying to hire talent from Google in the wake of its pledge to stop complying with Chinese censorship rules. **Page 21**

EU probe

European antitrust officials opened an inquiry into complaints made by three Internet companies about Google's tactics. **Page 23**

Hummer deal highlights China regulatory hurdles

By Norihiko Shirouzu

BEIJING—The increasingly likely failure of **Sichuan Tengzhong Heavy Industrial Machinery** Co.'s bid to buy and revive **General Motors** Co.'s Hummer brand is shining a spotlight on the murky and complicated regulatory process in China for mergers and acquisitions.

On Wednesday, a person familiar with the matter said that Tengzhong has been told that its application for approval to buy Hummer for $150 million "is not going to be accepted" by Chinese regulators. That means Tengzhong's only option is to try to acquire the GM unit through an offshore investment vehicle, the person said, but that could make it difficult for the Chinese company to establish Hummer factories or other operations in China later, which had been a key part of its plan.

The regulatory news follows months of uncertainty about Tengzhong's bid, which was first announced in June and then finalized with GM in October. Around the time of the June announcement, Tengzhong applied for approval from the provincial government of Sichuan, where it is based, according to the knowledgeable person. From there, the application was supposed to be sent to the National Development and Reform Commission, the central government's top planning agency, and to the Ministry of Commerce, among other agencies.

But it now appears that the application made little or no headway in the intervening eight months. On Wednesday, Assistant Commerce Minister Wang Chao said his ministry never received an application from Tengzhong, echoing other comments from the ministry in recent months. An official in the foreign affairs department of the NDRC said

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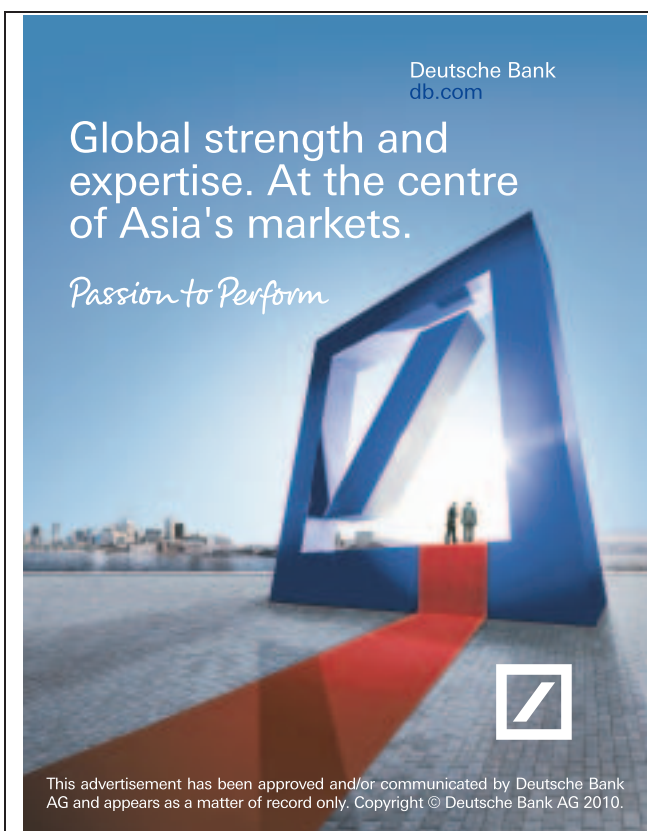
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What's News—

* * *

Business & Finance

■ **Fed Chairman Bernanke said** the U.S. economy still needs record-low interest rates for several months at least because its recovery from recession is expected to be slow. In semiannual testimony to a House committee, he said the jobs market is expected to remain weak and inflation subdued over the next couple of years. **3**

■ **Japan's sharp rise in exports** in January despite a strong yen indicates that more shipments are heading to thriving Asian markets and being paid for in yen, which buffers Japan exporters from a strong currency. **3**

■ **Google's China employees** face aggressive overtures from other firms hoping to poach them in the wake of the company's pledge to stop complying with Chinese government censorship rules. **21**

■ **Google said** European antitrust authorities have opened a preliminary inquiry into complaints about its tactics made by three European Internet companies. **23**

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■ **South Korea's** National Pension Service will be allowed to invest in companies about to go public, paving the way for it to take part in IPOs. **26, 36**

Getty Images

Police clashed with youths in Athens on Wednesday as tens of thousands of people took to the streets to protest the Greek government's austerity measures, while unions staged a 24-hour nationwide general strike. The march was marred by violence when a group of about 20 youths started throwing Molotov cocktails and heavy objects at police. **Page 7.**

■ **Hyundai will voluntarily recall** about 47,000 Sonatas to fix faulty door latches. **22**

■ **Sanyo's car battery business** will stay largely independent as parent Panasonic's close ties to Toyota would make it difficult to keep other auto makers as customers, an executive said. **24**

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■ **Las Vegas Sands said** it will open the first phase of its resort in Singapore on April 27. **24**

■ **Indian Railways**, a network that ferries 18 million people a day around the nation, will invest $9 billion in rail upgrades in the financial year starting April 1. **4**

■ **Freddie Mac lost** $6.5 billion in the fourth quarter, much less than a year earlier, but said the U.S. housing recovery is fragile. **29**

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■ **Pakistan offered to hand over** a detained senior Taliban leader to Afghan authorities. **5**

■ **The IMF named** the deputy governor of the Bank of China, Zhu Min, as a special adviser.

■ **The U.S. Senate approved** a $15 billion bill to spur job creation. The vote was 70 to 28, with about a dozen Republicans siding with the Democratic majority to approve the measure. **WSJ.com**

■ **Dubai police identified** 15 new suspects in their probe of the January killing of a senior Hamas leader, bringing the number of suspects to 26. **5**

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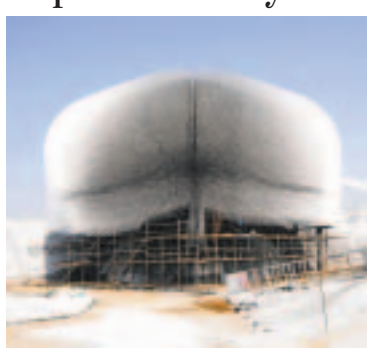

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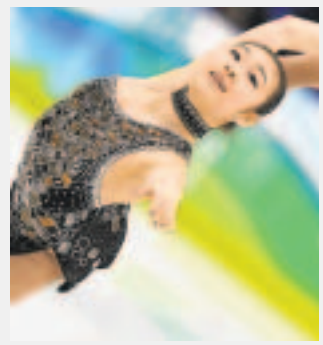

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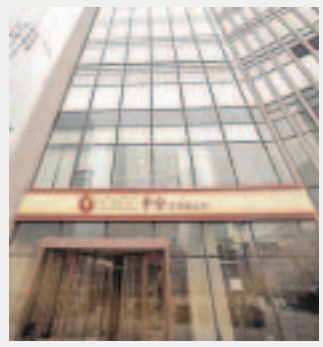

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WORLD NEWS

Bernanke says low rates still needed

Fed chief sees slow U.S. recovery, continued weakness in jobs market; 'unemployment is the biggest problem'

By Luca Di Leo And Tom Barkley

WASHINGTON—Federal Reserve Chairman Ben Bernanke on Wednesday said the U.S. economy still needed record-low interest rates for several months at least because the recovery from its deep recession was expected to be slow.

In his semiannual monetary policy testimony to the House Financial Services Committee, the Fed chief said the U.S. central bank was actively looking at what tools to use once the economy needs higher rates.

Over the next couple of years, Mr. Bernanke said, the jobs market is expected to remain weak and inflation subdued.

"Of particular concern, because of its long-term implication for workers' skills and wages, is the increasing incidence of long-term unemployment," Mr. Bernanke said in prepared remarks to lawmakers.

In the question-and-answer session following his testimony, Mr. Bernanke said most economists agree that the stimulus passed last year has created jobs and that further action could be useful given "unemployment is the biggest problem we have."

But in response to a question from House Financial Services Committee Chairman Barney Frank (D., Mass.) about the need for a jobs bill, Mr. Bernanke said there were "difficult trade-offs" that needed to be considered given the high budget deficit.

Mr. Bernanke said that while the current U.S. budget path wasn't sustainable, he didn't expect the country's credit ratings to be downgraded. He said the record U.S. budget deficit could lead to higher market interest rates on bond investors' concerns.

The Fed chief said the U.S. budget deficit should be around 2.5%-3% of gross domestic product instead of the current record level of about 10%. Still, Mr. Bernanke said he didn't expect the U.S. to lose its top AAA credit-rating level.

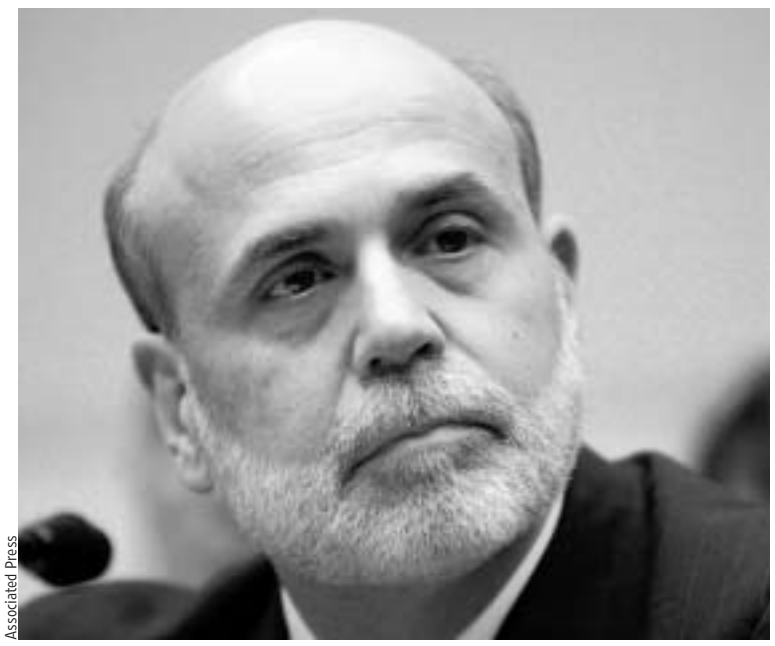
"It's very difficult, but it would be helpful if there were a sustainable, credible plan for fiscal exit," the Fed chairman said.

Mr. Bernanke reiterated that central bank officials expected the Fed's key short-term interest rate to remain at a record low near zero for an "extended period"—generally understood to be for at least several months.

Mr. Bernanke said last week's increase in the emergency-lending rate to banks didn't mean borrowing costs for consumers and companies would also rise anytime soon. He said the increase in the discount rate was made "to discourage banks from relying on the discount window rather than private funding markets for short-term credit." He views this as a move to normalizing lending to commercial banks.

Coming out of its worst downturn in decades, the U.S. economy grew sharply at the end of 2009 as business inventories surged, but a key growth engine, consumer spending, is expected to remain constrained by high unemployment throughout 2010. Concerns over consumers' spending power grew Tuesday after a measure of consumer confidence unexpectedly fell sharply this month.

Mr. Bernanke said the Fed expected the economy to expand by between 3% and 3.5% this year and between 3.5% and 4.5% in 2011. Due to moderate economic growth, the unemployment rate is seen falling slowly, to around 7% by the end of 2012.



Associated Press

Fed Chief Ben Bernanke, on Capitol Hill, expects inflation to be subdued.

The jobless rate fell to 9.7% in January from 10% in December, a government report showed earlier this month, but a separate government survey showed the economy continued to shed jobs last month.

Mr. Bernanke said "most indicators suggest that inflation likely will be subdued for some time," adding that most measures showed that long-term inflation expectations have remained stable.

Consumer prices net of volatile energy and food items in January dropped for the first time since 1982, a sign of weakness for the economy at the start of 2010.

Although Mr. Bernanke said the economy still needed the Fed's support though low interest rates, he said the central bank was prepared to tighten credit when the time comes to prevent inflation.

A first step toward tighter credit could involve the Fed draining the more than $1 trillion in excess reserves banks have accumulated after the central bank bought mortgage-backed securities and U.S. Treasurys to combat the financial crisis. One way to do that would be through reverse repurchase agreements.

Mr. Bernanke said the Fed was developing the tools to carry out reverse repos with money-market mutual funds and state-controlled mortgage companies Fannie Mae and Freddie Mac.

The Fed chairman said the central bank was willing to be more transparent, but stressed the importance of it being independent from politics.

Members of Congress later Wednesday and Thursday were set to grill Mr. Bernanke on the Fed's role in the financial crisis and on proposals to overhaul financial regulation.

The Fed would welcome a review by the Government Accountability Office of the central bank's management of the emergency-lending facilities during the crisis, Mr. Bernanke said. "We are also prepared to support legislation that would require the release of the identities of the firms that participated in each special facility after an appropriate delay."

While the Fed was ready to be more transparent, Mr. Bernanke said it was "vital" that its interest-rate decision "continue to be insulated from short-term political pressures." He also defended the Fed's role as chief supervisor of the banking sector.

The House approved a financial regulation bill Dec. 11 that would expose the Fed's interest-rate decisions to unprecedented congressional scrutiny. Meantime, the Senate is proposing to strip the Fed of its regulatory powers over banks, after some Senators accused Mr. Bernanke of failing to see the crisis coming.

Mr. Bernanke won confirmation Jan. 28 from the Senate for a second term at the Fed with a 70-30 vote, the highest level of opposition ever for a Fed chief, reflecting public anger over the Wall Street bailouts.

Asia pays with yen, helping Japan's exports

By Andrew Monahan

TOKYO—The unexpectedly sharp rise in Japanese exports in January despite a still-strong yen reflects a notable development in the country's trade: More shipments are heading to thriving Asian markets and being paid for in yen, buffering Japanese exporters from the currency's strength.

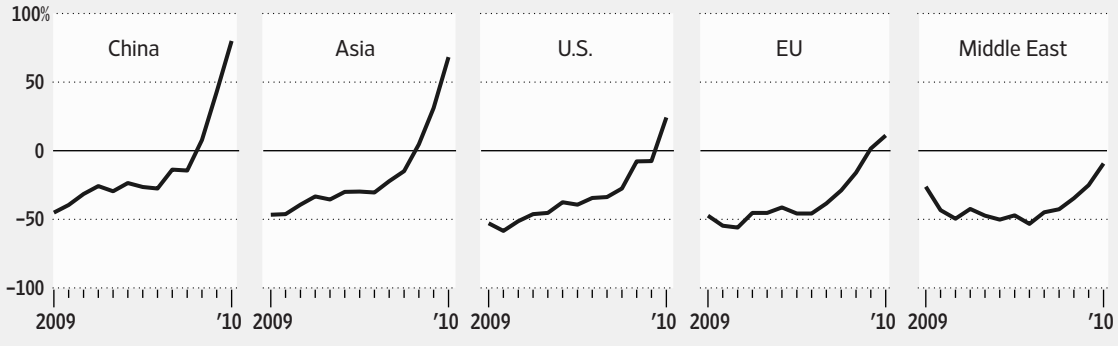
Over the past decade, Japanese manufacturers have steadily built up more subsidiaries for overseas production in Asia than in other regions, making it easier for them to denominate transactions in yen for the bulk of their exports to these companies.

Another factor aiding this trend is that a big chunk of Japanese manufacturing operations are in China, and Chinese firms can't pay for Japanese goods in yuan—which doesn't circulate internationally—further increasing yen settlements.

Economists say the global financial crisis has accelerated Japan's increasing orientation toward Asia. High unemployment and personal debt have made the typical American consumer less of a focus for Japanese companies, compared with their wealthier Asian peers.

As this reorientation continues, analysts say that within the decade half of all Japanese exports may be paid for in yen, from around 40% last year. That's good news for Japan's export sector, the key driver of economic growth. Getting paid in yen instead of dollars or other foreign currencies shields Japanese companies from exchange-rate losses when sending those earnings back to headquarters in Japan.

Bounce back | Japan's exports to selected economies, change from a year earlier



Source: Japan's Ministry of Finance

By mitigating the negative effect of the strong yen, an increase in yen-denominated exports may cause the Japanese government to be less likely to intervene in currency markets, which it hasn't done since 2004. The rebound in exports also may strengthen the view that Japan's economy won't fall back into recession in 2010.

Japanese government data released Wednesday underscored how increasing demand from Asian markets for semiconductors, plastics and chemicals for manufacturing and construction is raising the country's exports.

Total exports jumped 40.9% compared with a year earlier to 4.902 trillion yen ($54.4 billion) in January, beating private economists' consensus forecast for a 36.4% rise. But shipments to Asia grew especially sharply: Exports to China increased 79.9% to 920 billion yen, while those to all of Asia rose 68.1% to 2.72 trillion yen. By contrast, exports to the U.S. rose only 24.2% to 710.4 billion yen.

As China and other high-growth Asian countries build more highways, skyscrapers and electronics for their burgeoning middle classes, demand for Japanese construction materials and electronics parts is set to continue surging. For example, operating profit at **Asahi Glass** Co. bounced back in the final quarter of last year due in part to strong LCD glass sales to China.

Asian companies are more apt than their American or European counterparts to pay for such goods in the Japanese currency. Recent data from Japan's Ministry of Finance showed that 48% of exports to Asia were paid for in yen in 2009; the figure was only 14% for the U.S. and 29% for the European Union.

In late November the dollar hit a 14-year low at 84.82 yen. It has since recovered, trading around 90 yen in Tokyo Wednesday, but that is still lower than the rate that large Japanese manufacturers have assumed—91.16 yen—for the six months through March, according to data from the Bank of Japan.

Despite the yen's strength, "Japanese companies aren't shouting and screaming to the authorities, so the Bank of Japan and the Ministry of Finance haven't been under significant pressure to intervene," said Hiromichi Shirakawa, chief Japan economist at Credit Suisse. Many foreign-exchange analysts say that even current Japanese Finance Minister Naoto Kan, who is seen as less tolerant of yen strength, is unlikely to order yen-selling intervention unless the yen rallies sharply again and drags Japanese stocks down.

But the benefit from greater yen-denominated exports, coupled with Japanese companies' increasing sophistication in hedging exchange-rate risk, may also make Japanese equities more resilient in the face of future yen strength, analysts said.

"The increasing exports to Asia have strengthened Japan's corporate sector," said Takuji Aida, senior economist at UBS Securities.

WORLD NEWS: ASIA

Hong Kong taps brakes on property

Government warns of risk of bubble, raises taxes on luxury-home transactions, will loosen land-auction policies

By Jonathan Cheng And Chester Yung

HONG KONG—John Tsang, Hong Kong's financial secretary, warning against an "increased risk of a bubble forming in the property market," raised taxes on luxury-home transactions and announced plans to loosen its land auction policies.

The measures elicited mixed reactions, with some critics saying they didn't go far enough in addressing a growing social problem. Stock investors shrugged off the comments Wednesday, pushing shares of property developers higher even as the broader market weakened.

Delivering Hong Kong's annual budget address before legislators, Mr. Tsang also said Hong Kong's gross domestic product in the fourth quarter rose 2.6% from a year earlier, reversing the third quarter's 2.2% decline, as the economy continued improving. The government now expects Hong Kong's GDP to grow between 4% and 5% this year, compared with a 2.7% contraction in 2009.

Lau Kwok-yu, a housing-policy expert, says the changes won't meet the needs of buyers in the middle to low end of the market.

However, Mr. Tsang cautioned that the growth outlook both globally and in Hong Kong, which is heavily dependent on trade, remains uncertain. Despite the recovery, Mr. Tsang announced several one-off tax-relief measures aimed largely at helping lower-income families, including a waiver of 75% of an individual's salary tax for the current fiscal year up to a ceiling of 6,000 Hong Kong dollars, or about US$770. He also announced a rise in infrastructure spending and measures to boost the city's financial-services sector.

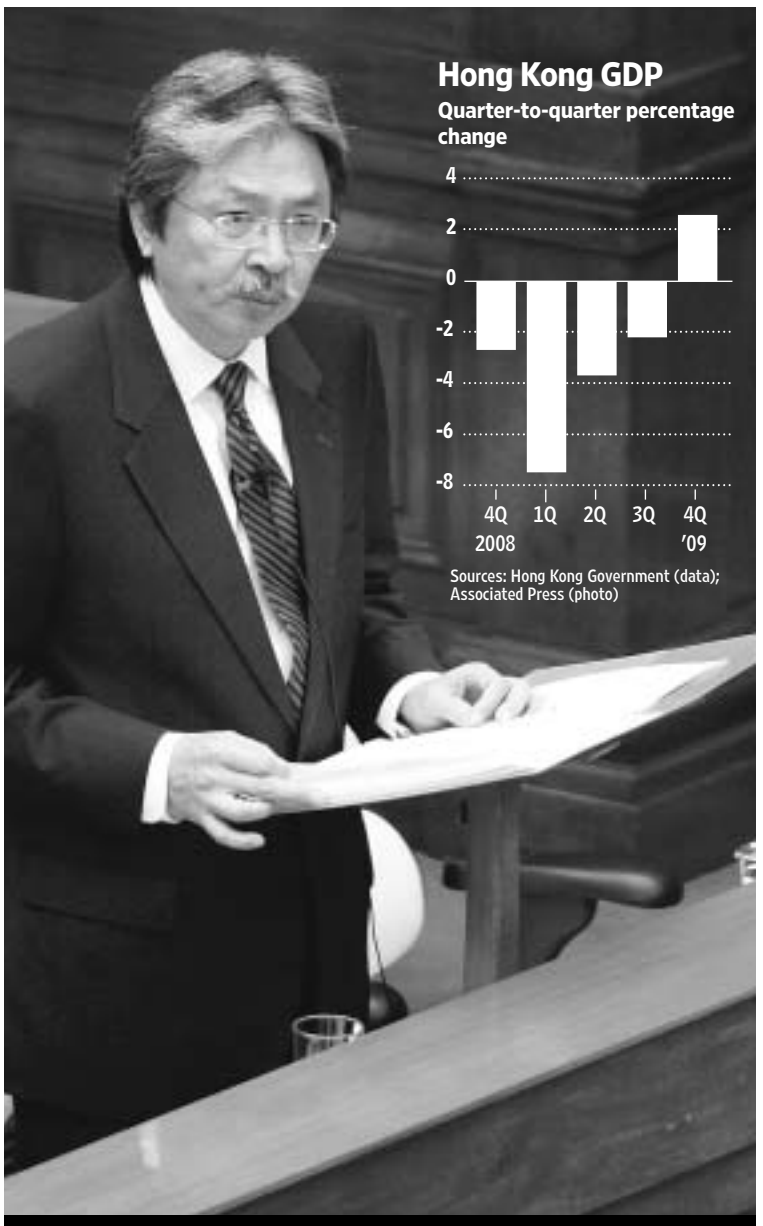
Mr. Tsang's comments on the property sector underscore growing official concern over rising home and land prices. Residential property prices soared nearly 30% last year due to an influx of foreign funds and ultra-low interest rates. Hong Kong, with its freely convertible currency, has become a magnet for foreign investors looking to capitalize on growth in mainland China, which maintains strict foreign-exchange controls.

Mr. Tsang said Wednesday that the government will raise the transaction tax on luxury apartments valued at more than HK$20 million, or US$2.6 million, to 4.25%, from 3.75%, warning that officials would extend the tax to the mass market "if there is excessive speculation in the trading of these properties." He also said the government would tinker with its current land auction system to increase land supply for residential development.

But Mr. Tsang also pledged to exercise prudence in making any market interventions, citing an "extremely sensitive" residential property market, noting that even small fluctuations in prices would have "a profound impact on the economy."

While the blue-chip Hang Seng Index fell 0.8% Wednesday, the Hang Seng Property Subindex gained 0.5%. Shares of local developer **Sun Hung Kai Properties** Ltd. rose 1.5%. Over the weekend, Sun Hung Kai, the city's biggest developer by market capitalization, launched a major residential project, encountering unexpectedly strong demand. The next day, it paid US$434 million for a piece of land in the suburbs of the city, exceeding analysts' expectations.

Lau Kwok-yu, a professor at the City University of Hong Kong specializing in housing policy, said that the housing policy measures announced Wednesday were very "modest" and "limited." "The only thing I can say for certain is that the measures aren't going to meet the needs of the mid-to-low end of the market," Mr. Lau said.



Financial Secretary John Tsang delivers the annual budget report in Hong Kong on Wednesday.

The opposition Civic Party said in a statement that the government's measures on housing "will not be sufficient for stabilizing the property market in long term," while brokerage firm Jones Lang Lasalle said Wednesday that raising the transaction tax on luxury apartments was a "questionable solution" that would "do little to stabilize residential prices in Hong Kong."

However, Marcos Chan, the firm's regional head of research, praised the government's move to loosen up the land auction system, saying a greater supply of residential sites "will help alleviate supply pressure and result in a more sustainable market development platform."

Morgan Stanley economist Denise Yam said a commitment to increasing the supply of residential housing was a "surprise" and "could result in a mildly negative reaction in the short term."

The government expects a budget deficit of HK$25.2 billion for the next fiscal year, compared with a surplus of HK$13.8 billion this year. Mr. Tsang said Wednesday that the government needed to maintain public spending at a certain level to "fortify the momentum of our domestic economy" at this early stage of recovery, saying planned total spending in the next fiscal year will rise 8.9% to HK$317.2 billion.

Despite the threat of large deficits, Mr. Tsang said he doesn't see the need to broaden the government's revenue sources, a reversal of the government's earlier stance. A goods and services tax was proposed several years ago but that plan was withdrawn amid strong opposition from lawmakers. "Our tax regime can continue to maintain low tax rates and a simple structure, and we don't see any immediate need for changes," Mr. Tsang told reporters at a news conference after his budget speech.

—Aries Poon and Lorraine Luk contributed to this article.

Indian Railways plans $9 billion upgrade

By Anant Vijay Kala And Neelabh Chaturvedi

NEW DELHI—The Indian Railways, a once-moribund giant transportation network that ferries 18 million people a day around the country, will invest $9 billion in rail upgrades in the fiscal year starting April 1—a sign of both the government's desire to appease passengers and a reflection of the business's revived fortunes in recent years.

In a budget released in Parliament—the railways are so important in India they get their own financial review—Railway Minister Mamata Banerjee said passenger fares would remain the same despite the planned increased investment.

The investment, up 2.8% from the current year's $8.7 billion, will focus on modernizing and expanding the rail network. It will be funded by increased earnings from freight and passenger traffic, fundraising and government support.

The railways play a crucial role in keeping India's economy and its people moving—the department employs 1.39 million people alone—and the rates it sets make a big difference to keeping prices in check or boosting inflation.

Reuters

Porters transport goods to load at a station in Kolkata on Wednesday.

With rising inflation a concern, Ms. Banerjee said freight rates for kerosene—used by a large section of the poor as cooking fuel—and foodgrain would be reduced by 100 rupees ($2.16) a wagon. "Our objective is inclusive growth," she said in her budget speech. "If we cannot include all in the ambit of our growth process, then growth will remain just a statistical expression." This was Ms. Banerjee's second budget since she became railway minister in 2009 for the second time.

A populist politician from the eastern state of West Bengal, Ms. Banerjee was the main force behind protests against Tata Motors Ltd.'s plan to set up a manufacturing facility in Kolkata for the Nano, the world's cheapest car. The protests forced the company to shift the base to the western state of Gujarat.

Ms. Banerjee said she expects the launch of 54 new trains to help raise the railways' gross traffic receipts to 948 billion rupees next year, up from the estimated 884 billion rupees in the current year.

She announced plans to start 101 suburban trains in India's financial capital of Mumbai, where millions commute daily from far-flung areas.

Inflation in India surged to 8.56% in January, driven by a jump in food prices and sparking a political furor. The government has moved to increase supply by easing import rules and releasing grain liberally from state stockpiles.

The Reserve Bank of India has tightened monetary policy to take out 360 billion rupees of excess liquidity from the banking system to prevent high prices from feeding inflationary expectations.

Among the major economies, the pace of expansion in India is second only to China's, with gross domestic product likely to rise 7.2% in the fiscal year ending next month.

Expenditure control is helping improve operational efficiency, Ms. Banerjee said, adding that her ministry plans to cut normal operational expenses by five billion rupees in the next fiscal year to 650 billion rupees.

Ms. Banerjee said the railways will likely ferry 890 million tons of goods in the current year, exceeding the target by eight million tons. The rail system aims to transport 944 million tons in the next fiscal year.

But Ms. Banerjee said she expects the railways will collect 240.57 billion rupees from passenger fares this year, missing the 243.09 billion rupees target. Traffic is expected to rebound next year with a 261.26 billion rupee target.

Ms. Banerjee's announced plans to complete 1,000 kilometers of new lines in one year, as well as setting up of a panel to fast-track clearance for investment proposals.

—Mukesh Jagota and Prasanta Sahu in New Delhi contributed to this article.

WORLD NEWS

Pakistan offers Baradar to Afghans

Arrests and possible extradition of Taliban leader support hopes that Islamabad is turning against militants

By Zahid Hussain

ISLAMABAD—Pakistan offered to hand over a detained senior Taliban leader to Afghan authorities, as officials from the two nations discussed broadening their cooperation in fighting the insurgency.

Pakistan's Interior Minister Rehman Malik said after a meeting here with his Afghan counterpart, Mohammed Hanif Atmar, that Islamabad was expecting a formal request from Kabul to extradite Mullah Abdul Ghani Baradar, the Afghan Taliban's operations chief.

"When we receive a formal request from the Afghan government, we will honor it," Mr. Malik said Wednesday.

Mullah Baradar was captured this month in Pakistan's southern port city of Karachi. Mullah Baradar, a close associate of Mullah Muhammad Omar, the Islamist movement's supreme leader, was the day-to-day leader of the so-called Quetta Shura, the main Taliban body that dominates the insurgency in southern Afghanistan, and is believed to be based in Pakistan.

Mullah Baradar's arrest was the result of cooperation between the U.S. and Pakistan's Inter-Services Intelligence agency, and he is now in the custody of the ISI.

Pakistan detained several other senior Afghan Taliban leaders this month, including Mullah Abdul Kabir, a deputy prime minister in the former Taliban regime who is alleged to be a member of the movement's leadership council.

The arrests have raised the prospect that the ISI, long accused by the U.S. of ties with Islamist extremists, has begun to turn on an organization it once cultivated. Pakistan denies supporting the Taliban.

But U.S. officials who work closely with Pakistan said they remain unsure if the recent ISI operations against the Taliban are a sign of real change in ISI strategy or short-term posturing.

"That's the question the whole intelligence community is asking right now," said a senior U.S. military official who works on Pakistan issues. "Is this a success or is this calculated?"

Another U.S. official was cautiously optimistic. "No one's ignoring their past with the Taliban, but no one's ignoring Pakistani cooperation either," the official said. "It's one step at a time, and right now, the steps are moving in the right direction."

Mr. Atmar, the Afghan interior minister, said in Islamabad that he hoped these arrests represent the beginning of a "large-scale" Pakistani operation against the Taliban.

American officials say the Pakistanis have come to believe that the Afghan Taliban poses a threat to domestic stability.

Pakistani cooperation has "picked up as the Pakistanis have come to understand even more clearly the serious threat they themselves face from terrorists," a U.S. official said.

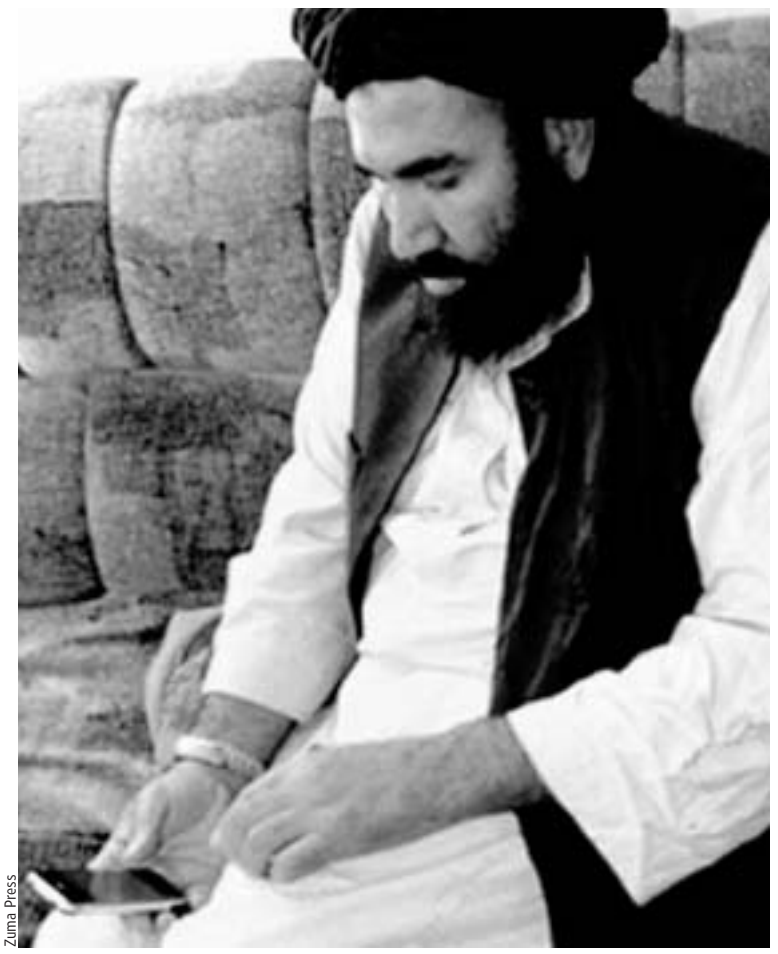
Mr. Malik said last week that Pakistan wouldn't transfer detained Taliban leaders to U.S. authorities, but would return them to their countries of origin if there was no proof they had committed crimes inside Pakistan.

No agreement has been reached between Pakistan and Afghanistan regarding Mullah Baradar's fate, said Ahmad Zia Siamak, a spokesman for Afghan President Hamid Karzai. Mr. Siamak wouldn't say whether Afghanistan had requested Pakistan to extradite the Taliban leader.

Also on Wednesday, the director of the U.S. Federal Bureau of Investigation, Robert Mueller, held talks with Pakistani security officials, the U.S. Embassy said.

Missiles fired by a U.S. pilotless aircraft on Wednesday hit a compound in Dargah Mandi village in the North Waziristan tribal area bordering Afghanistan, killing four people, according to a Pakistani security official. The identity of the victims wasn't immediately confirmed.

—Siobhan Gorman in Washington and Matthew Rosenberg in Kabul contributed to this article.



Zuma Press

An undated photo of Mullah Abdul Ghani Baradar, who was captured in the Pakistani port city of Karachi this month.

Dubai widens probe into Hamas death

By Chip Cummins And Maria Abi-Habib

DUBAI—Dubai police on Wednesday identified 15 new suspects in their probe of the January death of a senior Hamas leader here, bringing to 26 the number of people they have identified as connected to the alleged murder.

Dubai officials released photos and passport details of additional suspects holding British, Irish, French and Australian passports. Last week, Dubai identified 11 holders of European passports as suspects in the case. Those suspects all surfaced quickly, denying any involvement. Governments in Britain, Ireland, France and Germany all said they suspected the passports were issued fraudulently.

Officials from the U.K. and Ireland confirmed that Dubai believes that more of their respective passports had been used by the suspects in the case.

The release of the passport details last week triggered a diplomatic uproar in Europe, with the U.K. promising a full investigation into how its passports were able to be used fraudulently. Dubai police have said they have evidence implicating Israel's intelligence service in the alleged murder.

Israeli officials have neither confirmed nor denied involvement. Israel's foreign minister, Avigdor Lieberman, said last week there was no evidence linking Israel to the case.

Still, suspicion has broadly fallen on Mossad, Israel's intelligence agency, since the body of a top Hamas leader, Mahmoud al Mabhouh, was found in a Dubai hotel room on Jan. 20. Last week, several European governments called in their Israeli ambassadors to discuss the matter. European government officials have called on Israeli counterparts to disclose information Israel might have.

On Wednesday, Dubai's government released new information about the alleged movements of the 26 suspects, including flight itineraries, hotel details and credit card information. The information suggests the suspects had flown in and out of Dubai several times, months before the alleged murder.

Dubai police also said Wednesday they had identified credit cards used by 14 of the suspects. They named the issuing bank as Metabank, a unit of financial company **Meta Financial Group** Inc., based in Storm Lake, Iowa. A call to Meta wasn't immediately returned.

Dubai police also identified a company called **Payoneer** Inc., based in New York, though it wasn't clear what role authorities believe it played. According to its Web site, Payoneer offers online payment solutions, including arranging for employers to pay overseas workers through money transfers into prepaid MasterCard debit-card accounts.

A representative at Payoneer said she wasn't immediately able to comment on the Dubai release.

—Alistair MacDonald in London contributed to this article.

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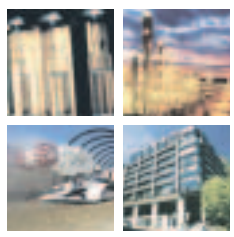

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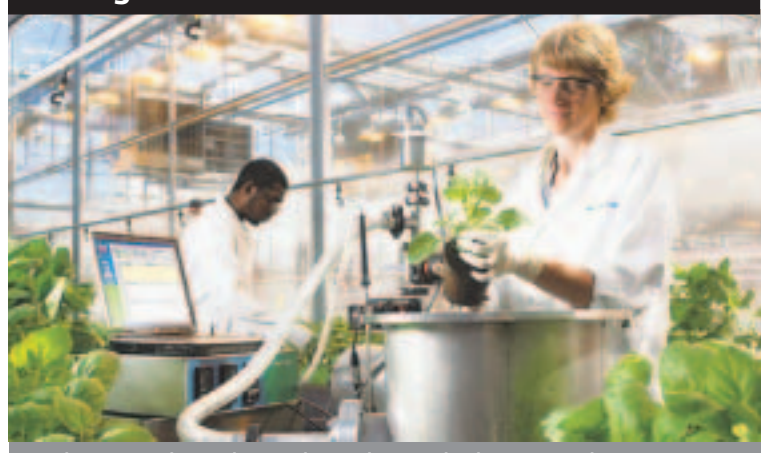
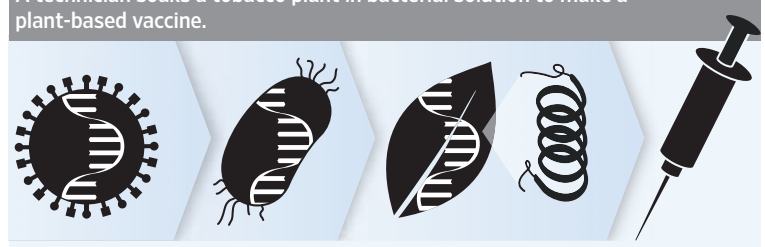
WORLD NEWS

Making Vaccines from Plants



A technician soaks a tobacco plant in bacterial solution to make a plant-based vaccine.



Scientists isolate a protein from the **flu virus** that triggers a protective immune response in patients.

They implant the **gene** for this protein into **bacteria.**

They infect a **tobacco plant** with the bacteria. The gene is incorporated into the plant, directing it to produce **flu proteins.**

The proteins are extracted from the plant and purified into a vaccine.

Tobacco enters fight on H1N1

By Gautam Naik

The U.S. Department of Defense, caught off guard by the swift spread of the H1N1 flu virus last year and delays in producing a vaccine, is backing an unusual plan to use tobacco plants to make the vaccine.

Flu vaccines are typically grown in chicken eggs. Although the technique is slow and expensive, vaccine makers have done little to improve on this reliable method for more than 60 years. The urgent need for a better way became apparent last year.

"The response to H1N1 was a disaster," said Brett Giroir, vice chancellor for research at Texas A&M University System, part of a consortium testing plant-based vaccines for H1N1, or swine flu.

The Defense Advanced Research Projects Agency—which conducts research to protect soldiers from infectious diseases, and also is concerned about the U.S. capability to react swiftly to a bioterrorist attack, among other things—has awarded the consortium $40 million to make an initial 10 million doses of H1N1 vaccine.

Texas A&M and closely held firm G-Con will together invest a further $21 million. Details of the project, known as GreenVax, will be announced Wednesday.

For several years, vaccine companies have worked on harvesting vaccines in everything from caterpillar cells to cocker-spaniel kidney cells. Plants have certain advantages over animal parts, which may contain pathogens harmful to humans. The tobacco plant is particularly promising: It has been extensively researched, is cheap to grow and can yield large amounts of vaccine quickly—potentially reducing production time to weeks instead of several months.

Arizona State University researchers this month showed a plant-based drug could prevent and treat West Nile virus in mice. In January, Germany's **Bayer** AG said it was testing a plant-based vaccine for non-Hodgkins lymphoma.

In December, **Medicago** Inc. of Quebec City reported positive results for a tobacco-based vaccine for avian flu, or H5N1, which has killed more than 250 people world-wide. Biotechnology firm **VAXX** Inc. of Tucson, Ariz., says it soon plans to start a human trial of a tobacco-based vaccine for Norwalk norovirus, or "cruise ship virus," which causes gastroenteritis in as many as 74 million Americans annually.

GreenVax is one of the more ambitious of the plant-based vaccine projects. It is partly based on research done at Fraunhofer USA Center for Molecular Biotechnology, in a partnership with the biotech firm **iBio** Inc., both based in Newark, Del.

As a first step, researchers at Fraunhofer isolated a protein from the H1N1 virus known to trigger a protective immune response in a patient without causing an infection. A gene for this protein was then introduced into a bacterium. Tobacco plants were placed in a special chamber and dipped into a soup of the bacteria, which caused the plants to get infected with the gene-carrying bacteria.

The infected plants then began to produce the protein from H1N1 in large quantities. The plants grew for about a week. Their leaves were then chopped up and crushed, and the protein from H1N1—the essence of the vaccine—was extracted from the slurry and purified.

GreenVax hopes to produce the initial 10 million doses of H1N1 vaccine within 12 months. Large-scale human trials are expected to begin in 2011, and could last 18 months.

Agence France-Presse/Getty Images

Police detain a demonstrator during protests in Athens on Wednesday.

Strikers in Greece protest austerity

By Sebastian Moffett And Costas Paris

ATHENS—Tens of thousands of Greeks took to the streets Wednesday as much of the country went on a 24-hour strike against government austerity measures.

A small group of youths threw Molotov cocktails at police, who responded with tear gas. However, the 20,000 people who filed through downtown Athens—a relatively large crowd for a Greek strike—mostly limited themselves to chanting anti-government slogans.

Public- and private-sector unions called the strike to protest measures aimed at reducing Greece's budget deficit. The government has announced a freeze on civil-service wages, cuts in public-sector entitlements and the closing of tax loopholes for certain professions, including some civil servants. It also announced a fuel-tax increase.

"There is an all-out war against public servants, those who earn the least," said Spyros Papaspyros president of ADEDY, an umbrella union for public-sector workers. "We will fight to keep the little we have. The government and the EU must understand the crisis must be paid by the rich."

The government moves are aimed at cutting Greece's budget deficit, which at about 13% of gross domestic product last year was well over the European Union's 3% limit. This has raised the interest rate Greece pays to borrow money. Brussels has ordered Greece to bring the deficit within the EU limit by 2012.

The strikes came amid more gloomy news for Athens. Standard & Poor's Ratings Services warned Wednesday that it could downgrade Greece by one or two notches within the next month, which could put the country's long-term rating on the brink of junk territory. The country's rating last fell by a notch to BBB+ in December.

Despite the protests, which follow strikes in recent weeks, Greece appears determined to press ahead with its measures. An opinion poll published Sunday by Greek newspaper Ethnos showed that 76% of Greeks opposed strikes for the time being, and 58% thought the government's austerity measures were in the right direction.

Following a visit Tuesday by EU and International Monetary Fund officials, the Greek government is due to announce more austerity measures, possibly as early as next week. On March 16, EU finance ministers will meet to review progress.

ADEDY, the union, said about 80% of its members were on strike Wednesday. Government offices, schools and universities were closed, as was Athens International Airport. Train, bus and ferry services were canceled nationwide, though a minimum level of service was maintained in Athens.

Many demonstrators said they hadn't yet suffered the effects of the cutbacks—but were fearful of what the future held.

"Up until now I haven't seen my income drop," said Christos Marinis, a 45-year-old accountant. "But all this talk of catastrophes has hurt my company's business, and there will be a drop in workers' and pensioners' incomes."

Though many Greeks recognize that their country needs to take drastic measures to fix its problems, resentment against outsiders is growing.

A group of teachers carried a banner reading, "No to economic subjugation by the government, the EU and capital markets."

The demonstrations began peacefully. But as the march reached Syntagma Square, location of the Greek parliament, about 20 youths broke away and threw missiles, plastic bottles and pieces of marble at police. The police tear gas broke up the scuffles and sent customers fleeing from the outdoor terraces of some cafés around the square.

Greek debt is a tough sell

New chief tries to persuade wary investors to buy country's bonds

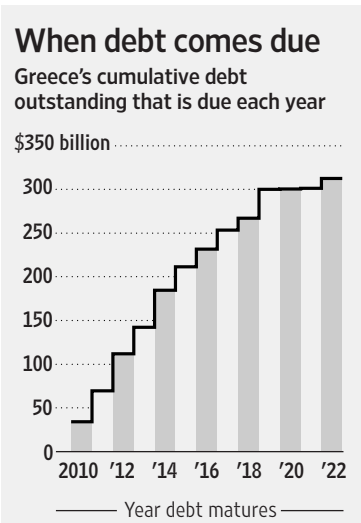
By Carrick Mollenkamp And Sebastian Moffett

Petros Christodoulou has just started one of the least enviable jobs in European financial markets—persuading wary investors to buy Greek debt.

A U.S.- and London-trained former bond trader, Mr. Christodoulou was last week named head of Greece's debt management agency, a normally obscure post that has taken on new importance as Greece scrambles to raise cash to service its growing mountain of debt.

After only a few days on the job, Mr. Christodoulou is trying to pull off the trade of his life: the planned sale of €5 billion ($6.75 billion) in Greek debt, a step many view as a critical test of Athens' ability to stave off a default. The sale of the 10-year bond could take place in the next few days, according to a person familiar with the matter. The challenge won't stop there. Greece will need to tap the markets again soon to cover some €20 billion of debt maturing over the next few months.

Mr. Christodoulou succeeded Spyros Papanikolaou, who had openly provided reporters with details about future bond deals, an unorthodox move that raised eyebrows in the markets. A finance ministry official said that this wasn't the reason for the move. "In Greece, it's customary to change some government posts when there is a new government," he said. "But because it was a very critical time, he was kept on for a few months."



Though new to government, Mr. Christodoulou, who declined to be interviewed, is no stranger to the world of sovereign debt. A 1985 graduate of Columbia University, where he specialized in international financial markets, Mr. Christodoulou spent years trading bonds and underlying derivatives at **Credit Suisse Group**, **J.P. Morgan Chase** & Co., and **Goldman Sachs Group**.

For the past 12 years, he worked at the National Bank of Greece, where he ran the treasury, global markets and private bank units.

"He's the expert on Greek government bonds, and now he's changing sides," said Alexander Kyrtsis, an analyst at UBS AG in London.

Mr. Christodoulou's tenure at the National Bank of Greece provides a window into his skills juggling risk.

"He's very highly regarded in Greece because of the way he has managed the profitability of NBG's assets and liabilities over the last few years," says Mr. Kyrtsis, the UBS analyst.

The question now is whether Mr. Christodoulou can help steer Greece through a multiyear effort to cut its deficit. Greece's large deficit plus its weak economic foundations have raised concerns among investors over the country's ability to pay back its debt. Greece last month paid four percentage points more than Germany to borrow money.

What's more, Greece has become a test for the euro zone as a whole. The zone for years enabled governments of weaker economies in Southern Europe to borrow at rates similar to Germany's, because of the perceived security provided by the common currency. If Greece defaulted, investors might become nervous about the debt of countries such as Spain and Portugal, so these governments could end up paying more to borrow.

—Costas Paris contributed to this article.

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WORLD NEWS

Lending falls at epic pace in U.S.

FDIC Chairman Bair predicts more bank failures this year than the 140 seen in 2009 as struggles continue

By Michael R. Crittenden And Marshall Eckblad

U.S. banks posted last year their sharpest decline in lending since 1942, suggesting that the industry's continued slide is making it harder for the economy to recover.

While top-tier banks are recovering at a faster clip, the rest of the industry is still suffering, according to a quarterly report from the Federal Deposit Insurance Corp. Banks fighting for survival, especially those plagued by losses on commercial real estate, are less willing to extend loans, siphoning credit from businesses and consumers.

Besides registering their biggest full-year decline in total loans outstanding in 67 years, U.S. banks set a number of grim milestones. According to the FDIC, the number of U.S. banks at risk of failing hit a 16-year high at 702. More than 5% of all loans were at least three months past due, the highest level recorded in the 26 years the data have been collected. And the problems are expected to last through 2010.

FDIC Chairman Sheila Bair said banks are "bumping along the bottom of the credit cycle" and that the number of bank failures in 2010 will likely eclipse the 140 last year.

The struggling U.S. banking industry remains a problem for policy makers eager for banks to lend again. Lawmakers in the U.S. Congress and Obama administration officials have pushed banks to lend, particularly in light of the billions in taxpayer aid injected into the financial industry over the past two years. Banking groups and their members counter that they're under pressure from regulators to be more prudent and that demand from struggling consumers and businesses isn't there.

Initiatives such as the administration's $30 billion small-business lending program will rely on banks making loans at a time when many of those same firms are wrestling with a rising tide of commercial real estate problems or being told to add to their reserves by regulators.

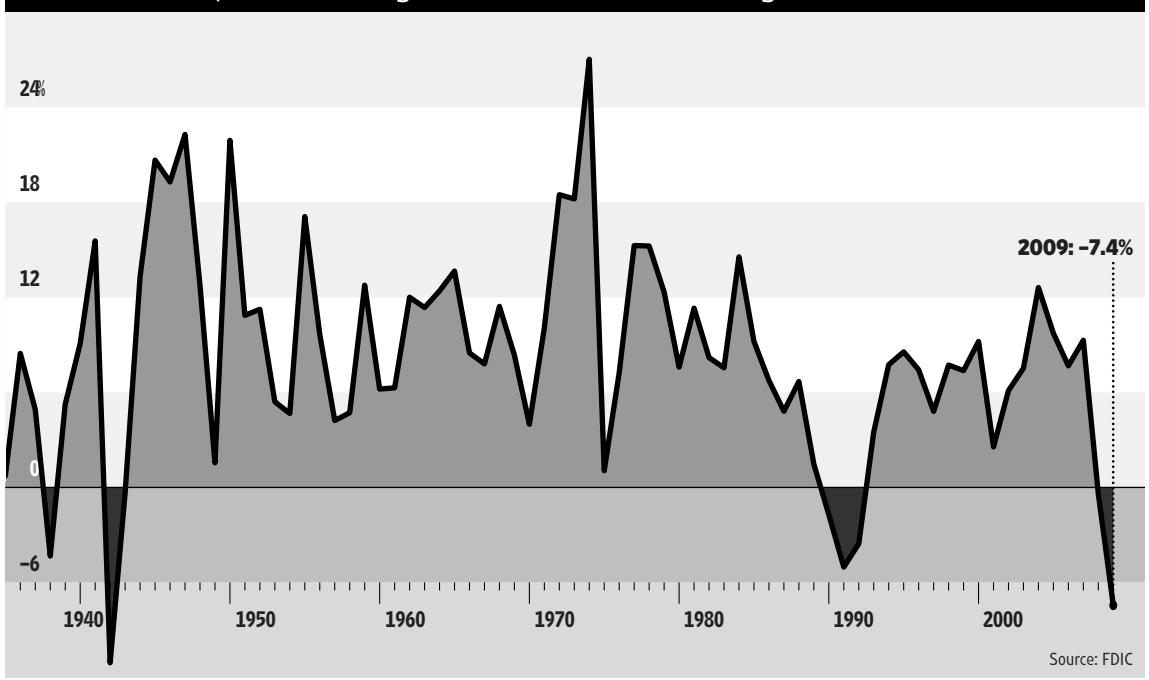
Some small-business owners say they could expand if they could just get a loan. Nick Sachs, president of Homewatch CareGivers Cincinnati-Metro, says he's been asking banks for a loan of $150,000 to $250,000 since 2008. He says his home-health-care franchise could hire 20 to 30 aides and even one or two office assistants.

After being rejected for a loan by **Huntington Bancshares** Inc. over a year ago, Mr. Sachs recently re-applied to the Columbus, Ohio, bank. He did so in part because Huntington said in February that it would double its annual small-business lending over the next three years and extend credit to as many as 27,000 more businesses.

"My conversation with the banker was identical to the conversations in 2008," Mr. Sachs said. In both cases, Huntington's representative suggested that a loan from the government's Small Business Administration would be the best fit for the company. The banker collected paperwork, including tax returns and a business plan, Mr. Sachs said, but didn't ask many questions about how the company planned to use the funds. "I am very doubtful," he said. "I've been down this road before."

Maureen Brown, a Huntington spokeswoman, said the bank's "turnaround loans" have been well-received. She said the bank doesn't comment on individual loan applicants. Huntington has posted a string of five quarterly losses.

Credit crunch | Annual change in total loans outstanding at FDIC-insured banks



Asia leads the way out of global economic recovery room

[CAPITAL]

By David Wessel

The global recession was made in America. The recovery is being made in Asia.

This week's headlines well illustrate the striking contrasts: Thailand said its economy expanded at a 15.3% annual rate in the fourth quarter, and Taiwan said its grew at an 18% pace. But Germany said its economy didn't grow at all in the quarter, and the only reason it didn't contract was that German industry managed to boost exports to healthier economies.

"The slump was very synchronized. The recovery? Increasingly less so," says Olivier Blanchard, chief International Monetary Fund economist.

Take a quick tour of the world economic recovery room. First stop is the rich, mature economies—the U.S., Europe and Japan. None are healthy yet, but the U.S. is doing better than the others.

The U.S. economy is growing, helped by a mix of insulin (the fiscal and monetary stimulus) and sugar (the eagerness of businesses to rebuild depleted inventories). By the standards of past recoveries, though, it isn't growing very fast.

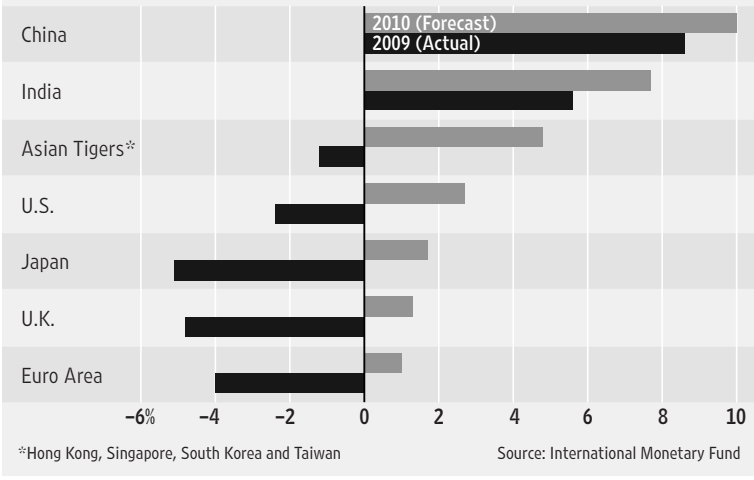
American consumers, turning thrifty, are reluctant to spend. Banks are reluctant to lend. Employers are reluctant to hire. Government is reluctant to administer more stimulus. Yet forecasters at J.P. Morgan Chase, more optimistic than some others, predict that U.S. output of goods and services, its gross domestic product, will be back at prerecession levels by mid-2010. Europe and Japan won't reach that point until well into 2012.

Europe still looks ill. The recession was deeper there, and fiscal and monetary stimulus less aggressive than in the U.S. and China. Its businesses are more dependent on banks than U.S. firms, and European banks haven't been—or haven't been forced to be—as open about their losses or as quick to bolster capital cushions.

And now the sinners of Europe, economies that were living and borrowing well above their means, are being forced to repent: Greece, Spain, Ireland, Portugal. Because they share a currency, the euro, and have surrendered interest-rate setting to the European Central Bank, they can't tweak interest rates or let currencies fall to goose exports, and now their ability to keep borrowing cheaply to cushion weak economies is in doubt.

The only options are painful: austere government budgets and cuts in wages to make prices of exports more attractive. The U.K. has the luxury of allowing the pound to slide, but, as central banker Mervyn King noted this week, exporting its way out of its woes depends on the willingness of Europe to buy.

Then and now | Change in GDP of selected economies



*Hong Kong, Singapore, South Korea and Taiwan

Source: International Monetary Fund

Japan is harder to read. Like other export-dependent economies, it took a hit when the U.S. stopped buying. U.S. imports from Japan fell 31% in 2009 from 2008. But it's now benefiting from its proximity to China. Japan's exports to China, which surpassed the U.S. as its biggest market last year, were 80% higher in January than in the same month last year, the Ministry of Finance said Wednesday. That was three times the increase in exports to the U.S. in the same period. Japan's fourth-quarter performance was encouraging, but the persistent threats of deflation and political paralysis cloud its outlook.

The big question hanging over all these economies, despite all these differences: As fiscal stimulus wanes and central banks inch toward the exit from extraordinarily low interest rates, will consumer and business demand revive and sustain the recovery?

Wander now to the new wing of the recovery room, the emerging markets of Asia. They're not only out of bed, they're back at work and doing push-ups.

China led the way, demonstrating that one advantage of an authoritarian government is that it can inject massive doses of stimulus quickly and order banks to lend. The policy has been so successful that the Chinese central bank now is restraining bank lending to avoid over-stimulating the economy and provoking bubbles in asset markets.

The other countries in the neighborhood are benefiting, offsetting some of the weakness in exports to the U.S. by exporting more to China or drawing more tourists from China. Among Asian economies, the more tightly linked to China—such as Taiwan, Malaysia, Singapore—the stronger the recent growth.

But Asian consumers are doing their part, too. Auto sales in Malaysia in January were up 33% from a year earlier, for instance; India's were up 50%. In contrast, U.S. vehicle sales were up only 6% in January.

Indeed, one milestone passed without much notice during the crisis. Emerging-market consumers, more numerous and better off than they were a couple of decades ago, outspent American consumers for the first time in modern history.

Emerging-market consumers will account for 34% of global consumption and U.S. consumers 27% this year, J.P. Morgan calculates. Twenty years ago, the shares were 23% and 29%, respectively.

"It's not too much of an exaggeration to say emerging-market consumers did for the world in 2009 what U.S. consumers did in 1998 [during the Asian financial crisis]," says J.P. Morgan economist Bruce Kasman.

Asia cannot propel world growth by itself, though. Its economies remain dependent on exports, and that means they, too, are watching, waiting and hoping for a revival of consumer spending and business investment in the mature-economies recovery room.

WORLD NEWS

Leader is back in Nigeria

President remains ill after Saudi hospital stay; political crises grow

By Will Connors

ABUJA, Nigeria—Nigeria's ailing president returned home early Wednesday, a presidential spokesman said, ending a long absence that pushed Africa's most populous country into a period of political limbo.

President Umaru Yar'Adua, who had been receiving medical treatment in Saudi Arabia, remains too ill to govern, according to the spokesman.

Upon his return, Mr. Yar'Adua, who didn't make a public appearance, offered a message of support for his vice president now running the country in his place.

"President Yar'Adua wishes to reassure all Nigerians that on account of their unceasing prayers and by the special grace of God, his health has greatly improved," presidential spokesman Segun Adeniyi said. "However, while the president completes his recuperation, Vice President [Goodluck] Jonathan will continue to oversee the affairs of state."

Mr. Yar'Adua, 58, suffers from kidney and heart problems and hasn't been seen in public since November. While he was gone, Nigeria entered rough political waters—and critics say its troubles were compounded by a rudderless government.

After a young Nigerian man allegedly tried to bring down a Detroit-bound plane on Christmas Day, the U.S. placed the West African nation on a list of 14 countries whose air passengers will face extra security checks; an amnesty deal with militants who have attacked oil pipelines also frayed as one of the biggest groups pulled out of a cease-fire; religious violence in the Nigerian city of Jos claimed several hundred lives; and a domestic fuel shortage stoked the public anger.

Meanwhile, multinational oil companies criticized stalled government decision-making in a country that is already among the toughest to do business. Nigeria is the fifth-biggest supplier of oil to the U.S.—and has the 10th largest oil reserves in the world—but chronic government corruption and violence in the oil-producing Niger Delta region have hampered the country's growth and reduced international oil company's production levels.

On Wednesday, the U.S. government expressed concern about how the president's return might threaten a fragile political situation.

"We hope that President Yar'Adua's return to Nigeria is not an effort by his senior advisors to upset Nigeria's stability and create renewed uncertainty in the democratic process," said U.S. Assistant Secretary of State Johnnie Carson, the U.S.'s top diplomat for Africa. "Nigeria is an extraordinarily important country to its friends and partners, and all of those in positions of responsibility should put the health of the president and the best interests of the country and people of Nigeria above personal ambition or gain."

Earlier this month, Mr. Jonathan was appointed acting president by the Nigerian National Assembly. He has reshuffled the cabinet, made long-delayed government appointments and has held meetings with foreign oil companies to calm the public and international investors.

Oil companies operating in Nigeria, including **ExxonMobil** Corp., **Chevron** Corp. and **Royal Dutch Shell** PLC, have worried that Mr. Yar'Adua's absence would imperil a shaky peace process in the Niger Delta and further delay long-awaited oil industry legislation.

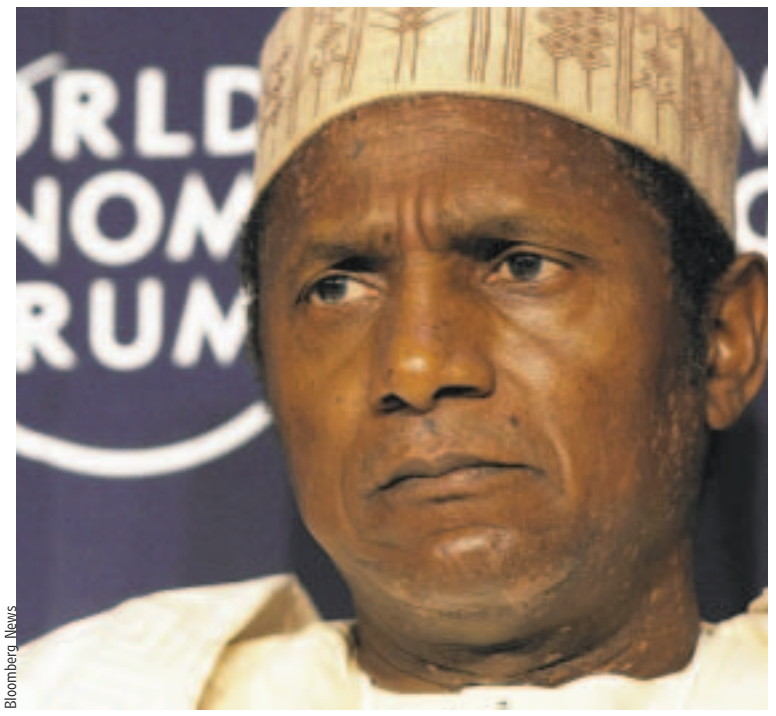
U.S. oil companies are joined by other energy firms who have billions of dollars invested in Nigeria. An executive from French oil company **Total** PLC said Wednesday that it had no plans of pulling out of Nigeria and was committed to its $20 billion of investments here.

"We actually invest about $10 billion a year in Nigeria," Alex Musa, Total's deputy managing director for exploration and production, said on the sidelines of an industry conference in Abuja. "We're here to stay."

Just two days after taking over acting presidential duties, Mr. Jonathan urged oil-company executives to meet with senior government officials and address the peace process for militants from the delta. That suggestion led to the formation of an oil-industry committee given the task of addressing militancy.

An announcement of the committee's plans was expected within days, according to an oil-company executive, but that may be delayed due to the return of Mr. Yar'Adua.

Mr. Jonathan also made efforts to push through oil-industry legislation that would drastically overhaul the industry by increasing tax and royalty rates for companies, among other measures.



Bloomberg News

Umaru Yar'Adua, president of Nigeria, in a 2008 photograph.

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Don't get dropped by the carry trade

Mark Matcho

[Running With Scissors]

By Jeff D. Opdyke

Billions of dollars are wagered daily in the "carry trade," in which traders sell the currencies of countries with low interest rates like the U.S. and Japan while simultaneously buying the currency of countries with higher rates like Australia and Brazil.

These arbitrage opportunities can persist for years at a time. But before you try your hand at the carry trade, be aware that currency values can change in seconds, causing sudden losses. And because currency trading typically involves heavy financial leverage—traders borrow as much as $500 for each dollar they invest to amplify results—the carry trade can rapidly become the scary trade.

That is what happened in the fall of 2008, when traders suddenly rushed to the safety of U.S. dollars during the financial crisis. Those who had sold the dollar and Japanese yen to own higher-yielding currencies quickly piled up big losses as these other currencies sank in value. The losses wiped out several years' worth of gains in the carry trade.

While amateur traders see the carry trade as a road to riches, "I see it as a way to get broke," says Amarjit Sahota, chief executive at **HiFX** Inc., which helps companies and individuals manage currency exposure.

The carry trade is built on the belief that, over time, high-interest rate currencies appreciate against low-rate currencies. These days, one of the most popular trades involves selling, or "shorting," the low-yielding U.S. dollar and simultaneously buying the high-yielding Australian dollar.

While the big gains and losses come from currency movements, traders also capture daily income based on interest-rate differentials between two countries. Consider a trader who builds a $1 million position in Australian dollars—the equivalent of about $889,000 in U.S. dollars at recent exchange rates. At a 400-to-1 leverage, that trade requires an initial investment of about $2,225.

In effect, the trader borrows at U.S. rates and gets paid at higher Australian rates. Because of the rate differential, he earns $96 a day owning the Australian dollar, and pays about $18 a day selling the U.S. dollar. The daily profit: $78, or $28,500 if he can keep the trade open an entire year.

If only currencies stayed put, it would be easy money. But they don't. Currencies fluctuate continuously, and trends can reverse quickly. That is particularly true today, notes Brian Dolan, chief currency strategist at online currency-trading firm **Forex.com**, because pros currently are using the carry trade to play their view on risk. One day institutional investors are feeling frisky and the carry trade is on; the next day they are freaked out and the carry trade is off. Unaware amateurs can get caught in the backwash and lose money quickly.

Worse is when a currency dives on unexpected news. Losses can pile up before you can close your position. Earlier this year, currency traders sold the greenback to buy Aussie dollars as the Reserve Bank of Australia hiked interest rates, widening Australia's gap over U.S. rates. Currency traders expected another rate rise when Australia's central bankers gathered Feb. 2.

Instead, the bankers left rates alone. From one trade to the next, the Aussie dollar fell seven-tenths of a cent—a massive dislocation in currencies. Ultimately, the Aussie dollar lost a full cent overnight.

Our trader with the $1 million Australian stake would have collected his $78 in interest that afternoon. But he would have awoken the next morning to losses of as much as $7,000.

Government regulators hope to protect traders from themselves. The Commodity Futures Trading Commission, which regulates foreign-exchange trading domestically, recently proposed a rule to limit leverage in retail accounts to 10 to 1, concerned that extreme leverage and extreme volatility in currency accounts "can result in a significant loss" on small moves.

There are steps traders can take to lessen risk besides reducing leverage. Don't risk more than about 5% of your account on a single trade. You need adequate cash reserves to survive the inevitable currency swings without being forced from a position.

And, professional currency traders warn, don't concentrate your bets against a single currency. If every trade depends on a weak yen, for instance, then one unexpected announcement can spark big losses. Hedge your bets by owning a small, bullish position in the yen or dollar, which will rise when your other positions are crumbling. And always operate with stop-loss orders, designed to get you out of a position at a predetermined price. The goal is to structure your carry trade so you won't get carried out the door when things go wrong.

Email: jeff.opdyke@wsj.com

How to play the carry trade

- Don't risk more than about 5% of your account on a single trade.
- Don't concentrate your bets against a single currency.
- Think long term. Currencies fluctuate constantly, but the carry trade unfolds over long periods.
- Always operate with stop-loss orders to get out of a position at a predetermined price.

Colin McDowell gets last word on London fashion week

By Beth Schepens

Colin McDowell, a writer and staple on the London fashion scene, is bored with little silk minidresses. "We have seen so many the last few seasons in London, and I'm getting a bit bored of them," he said. Heard on the Runway caught up with Mr. McDowell, the founder of **Fashion Fringe**, Tuesday to get his thoughts on London fashion week.

WSJ: What do you think of London fashion week so far?

Mr. McDowell: I'm loving what Richard Nicolls did. I thought it was absolutely beautiful and he was absolutely spot-on. And I very much liked Erdem yesterday, I thought that was good. I was very disappointed in Christopher Kane. Because I felt it was just one idea and not a particularly interesting one. I feel very sorry for him. I think he's been pushed far too far and far too quickly.

WSJ: Last season, there was a lot of hype here because of London fashion week's 25th anniversary. This year, it feels like things have pulled back.

Mr. McDowell: Last year took away from the clothes because it was all great fun, great energy, everyone loved it. This year, there's no energy because the clothes don't have any energy. I think the problem is we're doing the typical British thing. We're believing our own publicity. Fatal.

WSJ: Do you think there are designers who will help push London to the point where they're as credible as the hype?

Mr. McDowell: There isn't any Alexander McQueen or Hussein Chalayan or John Galliano on the horizon. And I think that's probably because there's been quite a change socially. When they were at art colleges, and I used to teach in art colleges at that time, they were full of young, working-class kids, first-generation education who had something to prove. Now, just look around. They're all middle-class kids who when they were little had ponies and all sorts of things like that. All very nice, but not gritty enough. You need grit to make a pearl.

WSJ.com

Online today: For complete fashion week coverage go to **WSJ.com/Runway**

Getty Images

Colin McDowell in New York earlier this month.

THE WINTER OLYMPICS: VANCOUVER 2010

Kim leaves audience shaken, stirred

South Korean figure skater's 'Bond girl' performance puts her in first place after the short program

Kim Yu-na excelled technically and artistically in her short program performance Tuesday night at the Vancouver Winter Olympics.

By Geoffrey A. Fowler and Phred Dvorak

VANCOUVER, British Columbia—South Korea's Kim Yu-na was the woman with the golden gun on the first night of the Olympics ladies' figure skating competition.

At the end of a slinky performance to a medley of James Bond music, Ms. Kim, the current world champion at age 19, formed her hand into the shape of a pistol—and shot her archrival Mao Asada out of top standing.

Judges awarded Ms. Kim 78.5 points for her short program, giving her a nearly five-point lead over Japan's Ms. Asada, also 19.

Ms. Kim's performance was a killer combination of consistently executed jumps and spins, and stylish choreography. Most skaters excel at either technical or artistic elements, but Ms. Kim managed to nail difficult triple-triple jumps at the beginning of her performance, all while demonstrating the sly personality of a Bond girl.

Ms. Kim, a Korean national hero and one of the nation's highest-paid athletes, said she wasn't particularly nervous going into the competition.

"I don't know why, but I wasn't really thinking that this is the Olympics. It wasn't a special feeling—it was the same as like other competition," she told reporters in English. "I was very comfortable."

Ms. Kim proved she has nerves of steel. Despite having to skate immediately after Ms. Asada—and watch her deliver a stunning performance—she was unfazed.

"It's very difficult not to be aware of [Ms. Asada's] scores," Ms. Kim said. "But I do have a lot of experience, and I was not affected by her performance."

Ms. Asada was the only woman on Tuesday to perform ladies' skating's most difficult move, the triple axel. But the judges gave her lower marks than Ms. Kim on almost every single component. "Usually there is a 10-point difference between myself and Kim, so when I compare it with that, I feel really happy," Ms. Asada said.

"Today, I was nervous from the time I was in the hotel. The nervousness took a while to go away, but before I started I was able to calm myself down and then gradually towards the end of the program I began to feel the joy of skating at the Olympics, " she said.

Ms. Kim said she wasn't particularly nervous going into the competition. "I was very comfortable,' she said.

One of the evening's most moving performances came from Canada's Joannie Rochette, who skated into third place with an emotional performance to tango music. Ms. Rochette's mother died on Sunday, but she decided to continue in Olympic competition. She began crying as she finished her performance on Tuesday night, as many in the crowd gave her a standing ovation. "I feel good," Ms. Rochette told reporters. "But 10 years from now, I'd want to come back and try this again. I have no regrets."

The ladies return to the ice on Thursday for the longer free program, in which any of the three woman could upset the standings set on Tuesday.

WSJ.com

Online today: See photos from Vancouver at **WSJ.com/Olympics**

Shoppers in Seoul, above, watched the performance. Below, fans react at a Seoul railway station.

(Top to bottom) Agence France-Presse/Getty Images; Associated Press; Reuters

THE TOYOTA HEARINGS

Adherents back 'Toyota Way'

Despite car maker's problems, consultants profess importance of its business principles

By Daisuke Wakabayashi

TOKYO—**Toyota Motor** Corp.'s vaunted business principles and philosophies have been admired and studied for years, creating a thriving cottage industry of management gurus and consultants who have evangelized the company's ideology as the secret to corporate success. But as Toyota's recalls and quality problems linger, these principles have come under fire.

Like the "Six Sigma" business process popularized by **General Electric** Co., the "Toyota Way" has inspired dozens of books and its principles are taught and applied to a diverse range of industries and companies. The values of "kaizen," or continuous improvement, and eliminating waste, or "muda," have been taught so widely that they are part of the global business lexicon.

From the assembly line to the board room, Toyota's principles have pushed employees to strive for perfection, supporting Toyota's rise from a Nagoya-based loom maker to the world's largest car company.

The Toyota Way mandates planning for the long term; highlighting problems instead of hiding them; encouraging teamwork with colleagues and suppliers; and, perhaps most important, instilling a self-critical culture that fosters continuous and unrelenting improvement.

It's still unclear if Toyota's problems were caused by ignoring the principles, or if even following the methodology wasn't enough to prevent a major quality breakdown at the car maker.

But even as Toyota's business practices are now under a harsh spotlight, the disciples of the company's philosophies remain steadfast in defending Toyota, saying it is a strict adherence to these practices—and not an abandonment of them—that will help the company regain its standing.

Associate Press

Toyota recruits at a commencement ceremony in April.

Mikiharu Aoki, who worked at the auto maker for 26 years, founded Toyota Production Consulting Corp. in 2007 to advise companies about Toyota's lean manufacturing methods. He said calls from prospective clients have stopped since Toyota's problems began to emerge. He called off a seminar in South Korea scheduled for this week when two-thirds of the registered attendees cancelled.

When clients ask about Toyota's methods, Mr. Aoki, whose company has no direct ties to the auto maker, says its production system hasn't collapsed and reminds them that it was behind Toyota's ascent to the top of the automobile industry.

"It's just that Toyota didn't live up to what it taught to others," said Mr. Aoki, who has written two books about the Toyota Production System, the car maker's manufacturing process designed to eliminate waste and improve quality. "It has failed to comply with the principles that it had created."

In an op-ed article in Tuesday's Wall Street Journal, Toyota President Akio Toyoda, ahead of his hearing on Capitol Hill, said he remains a firm believer in the Toyota Way's principles: "I am convinced that the only way for Toyota to emerge stronger from this experience is to adhere closely to them."

In China and the rest of Asia, the Toyota Production System is carefully studied by companies that want to one day overtake larger rivals in the same manner that Toyota passed Detroit's Big Three.

Jeffrey Liker, author of "The Toyota Way," said he hasn't experienced a drop-off in interest for his consulting services or speaking engagements, although both had already been soft in a weak economy.

Sales of his book have actually increased from all the attention on the company.

"The Toyota Way" has been one of publisher McGraw-Hill's best-selling business management books since it was first published in 2004, but the title saw a 10% to 20% sales bump in recent weeks, according to McGraw-Hill.

Mr. Liker, a professor of industrial and operations engineering at the University of Michigan, said the skeptics now questioning Toyota principles are people who didn't understand the ideology in the first place.

"The principles of the Toyota Way have been proven over 60 years," said Mr. Liker, who has written five books on Toyota. "If you change your internal management policies every time a company that you try to learn something from has a bad year, you're just going to be wandering from practice to practice to practice."

Based on studying the company for more than 25 years, Mr. Liker said the company will not "waste this crisis."

He said it will allow Mr. Toyoda to push the reset button and return the company to its basics as outlined in the Toyota Way.

"He now has an opportunity to shake up the company and self-examine very rigorously," said Mr. Liker, who is not paid by Toyota. "From Akio's point of view, in a certain sense, it is an ideal way to start his term as president."

—Miho Inada contributed to this article.

Trio drove quest to probe auto recall

By Neil King Jr. And Josh Mitchell

A former Michigan cop, a Baptist minister and the wealthy founder of a car-alarm company are the trio of lawmakers putting Japanese auto giant **Toyota Motor** Corp. on the congressional hot seat formerly occupied by Detroit's Big Three.

Democratic Rep. Bart Stupak, a former state trooper from Michigan who heads the House Energy and Commerce Committee's investigative panel, gained renown as the backer of a provision to ban abortion funding in the health-care bill.

Democratic Rep. Edolphus Towns, an active minister who leads the Oversight and Government Reform Committee, has been a burr in the side of the Treasury Department during extensive hearings on the bailouts of American International Group Inc. and the country's big banks.

But it's the oversight committee's ranking Republican, Rep. Darrell Issa of California, who has been the most forceful in goading Toyota so far. Mr. Issa, who made a fortune in the car-alarm business before he came to Congress in 2001, badgered Toyota into finally sending its president, Akio Toyoda, to testify before his House panel Wednesday.

"Darrell recognizes a good issue when he sees one, and getting Toyoda to come was a good issue," said Tom Davis, a former Republican lawmaker from Virginia who headed the House oversight committee.

Toyota's problems with sudden acceleration in its cars have stirred some strange politics in Washington. Mr. Issa has pushed to expand the probe to include potential missteps during the Bush years. Some Democrats have leaped to defend Toyota, along with a clutch of mainly Republican governors in states such as Texas and Indiana, where Toyota has large plants.

The two House committees digging into the matter are sparring to show who can be the tougher cop—a reflection of a long-running rivalry between Mr. Issa and Commerce Chairman Henry Waxman (D., Calif.).

Meanwhile, preoccupied with health care and jobs, the Senate has been largely mute on the Toyota uproar. This is in sharp contrast to the aggressive inquiries into Ford Motor Co.'s tire-related recalls of a decade ago. Sen. Jay Rockefeller, who heads the Senate Commerce Committee, has scheduled a hearing for next week but has said little in public about Toyota's problems. Mr. Rockefeller has longstanding ties with Toyota, which has a large engine factory in West Virginia.

Mr. Rockefeller's office said he took his oversight responsibilities seriously and his committee was thoroughly investigating the Toyota recalls.

"This is typical of Rockefeller's laid-back style, but I know that his staff is raring to go," said Joan Claybrook, a former auto-safety regulator who will testify Wednesday on the Toyota recalls.

Tuesday's hearings before the House Energy and Commerce Committee showed how conflicted many lawmakers are over the Toyota crisis. Mr. Waxman, known for his brusqueness, began by praising the world's largest car maker. "I am a great admirer of Toyota," he said. "I have driven one for years."

The panel's ranking Republican, Rep. Joe Barton of Texas, cautioned against a "witch hunt" and said Congress shouldn't start by assuming "Toyota was doing something wrong and trying to cover it up."

Mr. Stupak has been particularly aggressive in questioning Toyota's explanations for its sudden-acceleration problems. Toyota insists it has addressed the issue with fixes to its floor mats and gas pedals. But Mr. Stupak said Tuesday that those explanations fell short, and that glitches in Toyota's electronic controls were likely to blame.

Mr. Issa said he shared concerns that Toyota hadn't been vigilant enough in looking into questions about its electronics. But having made a fortune in car alarms, he is also a defender of the pervasiveness of electronics in the modern car.

"The list of things [in auto electronics] that makes us safer is virtually endless," he said, pointing to antilock brakes, power steering and traction control.

Many Democrats are leaning toward stronger legislation stemming from the Toyota mess, including boosting the limit on civil fines and increased funding for safety regulators.

But Mr. Issa is one of many Republicans who believe that better enforcement, and not more regulation, is the answer.

Critics in U.S. press the case for vehicle safety

Continued from first page

emailed to The Wall Street Journal that the "the root cause of their problems is that the company was hijacked, some years ago, by anti-family, financially oriented pirates. They didn't have the character to maintain a customer-first focus. Akio does.

"Akio Toyoda is not only up for the job, but he is the only person who can save Toyota," Mr. Press said in his email. Mr. Press left Toyota in 2007.

Toyota has recalled more than eight million cars and trucks globally to fix problems with sticky gas pedals, floor mats that can get trapped under accelerators, brake problems and other systems.

Rep. Edolphus Towns (D., N.Y.), chairman of the oversight committee, issued a statement Wednesday blasting both the auto maker and federal vehicle safety regulators for failing to respond sooner to reports of sudden acceleration. Mr. Towns said NHTSA received reports of 900 such cases involving Toyota vehicles and "did very little about it."

"NHTSA failed the taxpayers, and Toyota failed their customers. Thousands of complaints, multiple investigations and serial recalls are bad enough. But we now have 39 deaths attributed to sudden acceleration in Toyotas. To give that horrifying number some perspective, there were 27 deaths attributed to the famous Pinto exploding gas tank of the 1970s," Mr. Towns said.

Mr. Towns, in his statement, said he remains skeptical that Toyota and regulators have found all the causes of sudden acceleration. Toyota's U.S. sales chief said at a congressional hearing Tuesday that he couldn't rule out causes for such incidents other than the two the company says it has fixed: floor mats that tangle with the accelerator and sticky gas pedal assemblies.

Some lawmakers and safety advocates have said Toyota hasn't adequately addressed concerns that electronic-throttle systems could experience electrical or software problems that cause a surge in engine speed.

Scores of reporters from the U.S. and Japan, along with hundreds of members of the public, lined up hours in advance of the 11 a.m. hearing, one of three congressional sessions scheduled on Toyota's recalls.

Mr. Toyoda, the 53-year-old grandson of the Japanese auto maker's founder, arrived at the Rayburn House Office Building earlier in the morning. Mr. Toyoda, according to prepared remarks he submitted to committee staff, planned to apologize for the gas-pedal and floor-mat problems at the center of the sudden-acceleration incidents.

The Toyota hearings opened Tuesday, with a House Energy and Commerce subcommittee hearing testimony from Toyota's U.S. sales chief, James Lentz, who apologized for the safety problems, and a woman who said she feared for her life after her Lexus sped up to dangerous speeds beyond her control.

WSJ.com

Do you believe Toyota has correctly identified and remedied all the defects in recalled vehicles? Weigh in at **WSJ.com/Question.** Plus see video from the hearings at **WSJ.com/Video.**

Obama's New Investment Tax

The White House's new health-care proposal promises the "largest middle class tax cut for health care in history," which is a creative way of describing a vast taxpayer-subsidized insurance entitlement. Naturally, the fine print goes on to describe one of the largest tax increases for health care in history, too.

This new ObamaCare bargain would for the first time apply the 2.9% Medicare payroll tax to "interest, dividends, annuities, royalties and rents," so-called passive income that we are told includes capital gains, though the latter wasn't explicitly mentioned in the proposal. This antigrowth investment tax would apply to singles earning more than $200,000 and joint filers over $250,000 and comes on top of the Senate's 0.9-percentage-point increase in the payroll tax, which would bring the combined employee-employer share to 3.8%.

The rate hike on investment income would presumably take effect at the same time the 2001 and 2003 Bush tax cuts are due to expire next year, bringing the top rate to 22.9% as the current top capital gains rate would also rise to 20% from 15%. That's a 52% jump, and the last time investors were slammed with anything comparable was 1986 when the capital gains rate bounced to 28% from 20%—or a 40% increase—as part of the Reagan tax reform that reduced income tax rates.

> A sneaky Medicare levy on dividends and capital gains.

In part this is a sneaky way of waging the House's war on "the rich" by other means while appearing to compromise. Speaker Nancy Pelosi's 5.4-percentage-point "surcharge" on modified adjusted gross income above $1 million—which also includes capital gains—was supposedly too extreme for the Senate, but the White House is trying to smuggle in its 2.9-percentage-point cousin. Of course, $250,000 is a lot lower income threshold than $1 million, and the rate can always be inched up later once the tax is already in place.

The House surcharge is certainly destructive but it is at least above-board. The White House levy muddies up both the tax code and Medicare financing.

The Medicare payroll levy was designed as a social insurance program with some connection, however attenuated, between taxes paid and benefits received. When Medicare passed in 1965 it was modelled after Social Security and the tax was supposed to be equivalent to a "premium" for guaranteed health-care insurance for seniors; everyone "contributed" at the same rate. Until 1993, the payroll tax was assessed only on the first $135,000 of wages, until the Clinton Administration and the Democratic Congress lifted the Medicare cap entirely.

The Clinton move was bad enough but Mr. Obama's plan fundamentally changes the nature of the government's health-care financing. Medicare's liabilities mean that it must receive injections of general revenue, but never before have Medicare's own "dedicated" revenues been siphoned off to fund another entitlement. Essentially, it turns Medicare financing into a wealth transfer program at a stroke.

This will be sold in the name of "fairness," if anyone else in the press corps notices, but the worst implications are economic. The 0.9% increase is another tax on job creation, though Democrats claim they want more jobs. The devious 2.9% hike on investment income will raise the cost of capital, though Democrats claim to want more capital investment. Sometimes we wonder if Democrats even listen to their own rhetoric, or if they assume voters are too dumb to notice their contradictions.

If Americans need another reason to oppose ObamaCare, or more evidence of its destructiveness, here it is.

A Karzai Lament

Since U.S., British and Afghan troops began pushing into the Taliban stronghold of Marjah two weeks ago, they have gone to unprecedented lengths to minimize civilian casualties. Among other restrictions, they are forbidden from calling in air strikes until they have confirmed that targets pose a legitimate threat and that collateral damage can be minimized. Such caution may have its benefits in winning over the population, but it also has its price: As of Sunday, 13 coalition troops have been killed in the operation. Another 80 have died since the start of the year.

One would think Afghan President Hamid Karzai would applaud the sacrifice being made by his foreign allies as they seek to put cities like Marjah under his government's control. Instead he has chosen to play the scold. At the opening session of the Afghan parliament last weekend, he held up a picture of a young girl whose family was killed in a Valentine's Day strike and criticized the U.S. And this week, his cabinet blamed and condemned an air strike launched by U.S. Special Forces on Sunday that left 27 civilians dead, including four women and a child.

> Afghanistan's president becomes a NATO scold.

Nobody on the allied side of the war effort is indifferent to these tragedies, least of all U.S. Afghan commander General Stanley McChrystal, who Tuesday went on Afghan TV to apologize for the accident. NATO also expressed its condolences—the second time it has done so since the Marjah offensive began.

But if moral responsibility belongs anywhere it is with the Taliban, which uses civilians as human shields while taking every opportunity to exploit their deaths for propaganda purposes. Mr. Karzai's politically opportunistic carping only helps to validate their strategy.

We have always been of the view that Mr. Karzai's failings as a leader should not serve as an alibi to withdraw from Afghanistan. The case would be easier to make if Mr. Karzai devoted more of his time to standing up for the allies who are standing up for his country.

Repealing the First Amendment

It didn't take long for Congress to try an end-run around the Supreme Court's landmark January decision in *Citizens United v. FEC*. With a campaign finance bill due to be introduced this week, Democrats are proposing to repeal the First Amendment, at least for some people.

> The campaign finance crowd has more ideas for limiting speech.

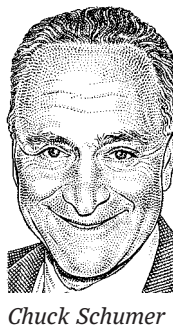
Senator Chuck Schumer of New York and Representative Chris Van Hollen of Maryland want to prevent any company with more than 20% of foreign shareholders from spending money in U.S. elections, ban TARP recipients and government contractors from campaign spending, and require CEOs to pop up at the end of television commercials to "approve this message" just like politicians.

Maryland Democrat Donna Edwards and Michigan Democrat John Conyers are going further and proposing to amend the Constitution so it bars corporate free speech. John Kerry and Arlen Specter are also on board for a First Amendment rewrite. At least these Constitutional amenders are honest about their goals and what it requires to be legal.

Not so Messrs. Schumer and Van Hollen, who want to sneak their speech bans by degrees into legislation. While current law already prevents foreign corporations from participating in U.S. elections, their proposal would silence some five million Americans who work for domestic subsidiaries of foreign companies and whose money is generated in the U.S. As a Constitutional matter, that amounts to telling some Americans that they may not engage in political speech—a formula the Supreme Court has rejected in such other recent cases as *Davis v. FEC*.

The Democrats don't include unions in their speech bans, though the Supreme Court recently liberated unions from campaign-finance rules too. As former Federal Election Commission member Hans von Spakovsky points out, the Service Employees International Union often boasts of its hefty percentage of Canadian members. Should it be barred from donating to President Obama?

As for restricting campaign spending by government contractors, the Supreme Court explicitly laid out in *Citizens United* that the only rational basis for such a limit is corruption or the appearance of corruption. Independent spending of the kind the Court allowed doesn't count here because, unlike direct contributions to candidates, there is no potential for kickbacks. As the Center for Competitive Politics points out, restricting all contractors also runs afoul of the Constitution because the government provides its employees (teachers, doctors and so on) with benefits, and it may not make those things conditional on the contractors forfeiting their right to free speech.



Chuck Schumer

We've long supported disclosure for campaign contributions, so voters can judge for themselves if certain donations are corrupting. But Mr. Schumer's version of disclosure is designed to discourage speech with complex regulation, including a new and separate disclosure regime with the Securities and Exchange Commission.

As for CEO appearances in advertisements, will trial lawyer donors have to do the same? How about SEIU chief Andy Stern? The double standard for unions and business betrays Mr. Schumer's real goal, which is a partisan fund-raising advantage for Democrats.

As a practical matter, all of this continues the game of whack-a-mole that the campaign-finance restrictionists have pursued for decades to little avail. They haven't stopped the flow of money into campaigns or produced cleaner government, but they have made fund-raising far more complex and legally difficult for donors and candidates. These new efforts are destined for a similar fate if they ever make it into law—and we hope Republicans filibuster them.

Citizens United blew a huge hole in the campaign finance rules, and there is no Constitutional way to refill it. The campaign-finance restrictionists should give up their misbegotten and illegal regulatory model and try deregulation and transparency instead. States like Virginia and Utah have no contribution limits but require disclosure and are among the best-run states in such traditional hallmarks of good government as economic health and development. The First Amendment has worked pretty well for 230 years. We don't need a rewrite.

OPINION

Get Ready, Here China Inc. Comes

[Business Asia]

By Michael J. Enright, W. John Hoffmann And Peter Wood

China has captured the imagination of chief executives and major companies around the world. To date the focus has largely been on selling into the domestic market, locating production facilities there or sourcing from Chinese factories. Yet with a growing tide of investments from Chinese enterprises moving abroad, all this is about to change. Foreign executives' "China strategy" can no longer focus only on competing in the Chinese market, but must also engage with Chinese enterprises in global markets.

China's outward investment in 2009 was $43.3 billion, according to estimates from the Ministry of Commerce, compared to an average of $2.4 billion per year between 1990 and 2000. And authorities such as the Organization for Economic Cooperation and Development have suggested that these figures substantially underestimate the scale and range of a much larger "Go Global" strategy. Many of the most important deals, such as multibillion dollar loans for resources deals with Angola and the Democratic Republic of the Congo, don't even enter the foreign investment statistics. Such loans, plus aid tied to contracts for Chinese firms, have outstripped Chinese direct investment in Africa by a significant margin.

The vast majority of this outbound investment has been in services, not natural resources. China Development Bank's acquisition of a minority stake in Britain's Barclays Bank, Industrial and Commercial Bank of China's purchase of a 20% stake in South Africa's Standard Bank, Bank of China's acquisition of Singapore Leasing, and China Construction Bank's acquisition of Bank of America (Asia) are just four recent investments in the financial sector. Enterprises such as China International Trust and Investment Company, China Overseas Shipping (Group) Company and China State Construction Engineering Corporation have been making outward investments in trade-related services, transportation, construction and others for years. The current investment boom is creating platforms to support even larger outbound investments in the future.

China's growing corporate presence abroad is creating new competitive pressures for Western companies. Chinese enterprises enjoy many advantages over foreign rivals, including a lower cost of capital, lower wages at home and limited accountability to shareholders. They benefit from an unparalleled ability to mobilize the state on their behalf, as when they take advantage of Beijing's political linkages with developing countries to obtain preferential access to resources and business opportunities.

Chinese enterprises in industries like banking, oil, aluminum and minerals have used profits generated in protected positions at home to fund forays abroad. Others will use low-price strategies that could dramatically reduce the profitability of industries globally as they have in China. This is starting to happen in sectors from home appliances to consumer electronics, autos and telecommunications equipment. As these enterprises move up the value chain and market their own brands more aggressively, the competition with traditional industry leaders will become more and more direct.

The first rule for Western companies: Know your enemy, and what's driving him.

To respond effectively, executives need to understand what motivates this outward investment flow. In part, China's investment expansion is the natural next step for a country that has risen with unprecedented speed. But it is also part of a broad strategy by the government and the Communist Party to strengthen Chinese enterprises in domestic and international markets, and to project soft and hard power on the international stage. The fact that the Party directly or indirectly appoints the top management not just of state-owned enterprises but even of nominally private enterprises such as Minsheng Bank means that some enterprises will venture abroad even if it is unprofitable for them to do so.

Companies ignore this background at their peril. Western companies will find themselves competing with enterprises whose motivations won't always be purely commercial. To prepare for this new competition, executives need better strategies and better intelligence. It is not enough to track the investments of individual Chinese enterprises in particular geographic areas or product markets. Western companies must understand how overseas investments by Chinese enterprises fit into China's overall "internationalization" strategy, how the enterprises might be linked to other entities and how they're likely to measure success.

A more sophisticated understanding of China's moves overseas will also highlight the opportunities open to foreign companies. Chinese enterprises are inexperienced when it comes to global markets and have limited international marketing and distribution capabilities. Those expanding abroad will need suppliers, advisors and partners, providing business opportunities for non-Chinese firms. Aiding Chinese enterprises abroad could be part of a strategy for developing better relations both with corporate peers and with the government, and better access within China as a result.

Large Western companies have reached their leading positions by meeting competitive challenges. The key to meeting the challenges posed by Chinese enterprises will be what it has always been: understanding the nature of the competition and dealing with it in a comprehensive fashion. A piecemeal approach to China's internationalization is doomed to failure.

Mr. Enright is a director of Enright, Scott & Associates, a Hong Kong-based consulting firm. Mr. Hoffmann is the principal of Exceptional Resources Group, a Hong Kong-based China strategy and transactional consulting firm. Mr. Wood is a China strategy advisor based in Hong Kong.

'My Sudden Acceleration Nightmare'

[Business World]

By Holman W. Jenkins, Jr.

Secret National Security Agency transcript of CEO Akio Toyoda's inner monologue as he prepares to testify in today's congressional hearing into the Toyota recall crisis:

Oh what a feeling. I wonder what Hank Paulson does for the dry heaves?

How I envy Ford-san. At least the Firestone mess involved a real defect, a tire spec unsuitable for Americans accustomed to cruising all day in hot weather at 80 mph on underinflated tires.

Toyota is battling a "defect" it can't find and may not exist. Our crisis management has not been the best, but . . . oy vey.

Getty Images

Toyota CEO Akio Toyoda

I wouldn't be here if not for an accident fluky and bizarre even by unintended-acceleration standards. A San Diego Lexus dealer installed an unapproved and ill-fitting floor mat in a loaner car. The mat was placed in the car upside-down and wasn't fastened down. The dealer ignored a previous customer's complaint that the mat interfered with the gas pedal. The next borrower didn't or couldn't shift into neutral when the pedal jammed. Four people died in a horrible crash.

Before the accident, Toyota issued recalls and service bulletins related to floor mats. How is this not the dealer's fault? Not a single incident of runaway speeding has been traced to the sticky pedals Toyota subsequently recalled. No electronic defect has been found.

I should have listened to the Germans. They racked up billions of miles on their vehicle electronics before bringing them to lawyer-happy America. They installed a brake-override so a foot on the brake would always shut the throttle.

To think, if we had adopted the same kludge, our runaway-vehicle complaints would probably be in line with those of our competitors. It's the fix that fixes whether the problem is pedal blockage, electronic glitch or a driver's foot on gas and brake at the same time. The only problem it doesn't fix is a driver mistakenly stomping on the gas—the actual source of most unintended acceleration.

I wonder if Dr. Richard Restak is in his office today? Years ago, the George Washington University neurologist coined the term "neurobehaviorally impaired" for such drivers: "He or she acts too fast or not fast enough; steps on the accelerator when the intention is to put on the brake; slips the gear into reverse instead of forward; comes to a full stop when the sign merely indicates 'yield.' In all cases, the response is almost but not quite appropriate to the situation . . . [and] leaves a wake of dented fenders, sore necks and inflamed tempers."

Great quote, but I can't afford to blame our customers.

No such inhibitions trouble the National Transportation Safety Board (the folks who investigate plane crashes). Last fall, they issued a special report on four school-bus accidents and a firetruck crash, fingering "pedal misapplication" in every case: "In all five, the drivers either reported a loss of braking or were observed by vehicle occupants to be unsuccessfully attempting to stop the vehicles, though no evidence of braking system failure was found." And these were professional drivers!

I wonder how many congressmen were around for the industry-wide crisis kicked off years ago by Audi. In 1987, the feds received 2,500 complaints of "unintended acceleration," more than in the previous 20 years combined. "The defect, which involves almost all makes of cars, causes them to accelerate without warning. . . . Sophisticated electronic controls are now believed to play a role in the problem," concluded the New York Times, citing (who else?) Clarence Ditlow, the trial lawyer handmaiden who will be testifying against me today.

Two years later, the National Highway Traffic Safety Administration issued its own exhaustive report on the post-Audi fury: "pedal misapplication."

Far be it from me to suggest a defect is never to blame—say, a poorly designed gas pedal and floor mat. But what a shocker that even our San Diego dealer now has hired a lawyer to float a theory that an electronic bug was behind a crash that every investigation has attributed to floor mats?

Trial lawyers love the electronic gremlin theory because it's impossible to disprove in any individual case. But we're here to talk about a *pattern* of cases. That's what Congressman Henry Waxman, who accuses Toyota and NHTSA of "resisting" evidence of an electronic fault, doesn't understand.

What can "resist" possibly mean in a context where only data and analysis can establish an answer? Eight of the 34 deaths the plaintiffs bar insists are due to runaway Toyotas are accounted for by just two crashes—the San Diego crash (floor mats) and a Texas crash in which an epileptic drove into a lake. What was the average age of drivers in the remaining unexplained (i.e., non-floor mat) incidents? What, if anything, did drivers have in common? Were they new to the vehicle?

Electronic bugs should occur at random. Here's guessing that once we and the feds agree on a database of incidents and examine them in detail, we'll be able to say conclusively whether there's a "trend" that indicates an electronic defect.

Of course, a competent investigator wouldn't pronounce without data—but who ever said Congress was a competent investigator?

Comments? The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

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OPINION

Reinvigorating the BJP

By Swapan Dasgupta

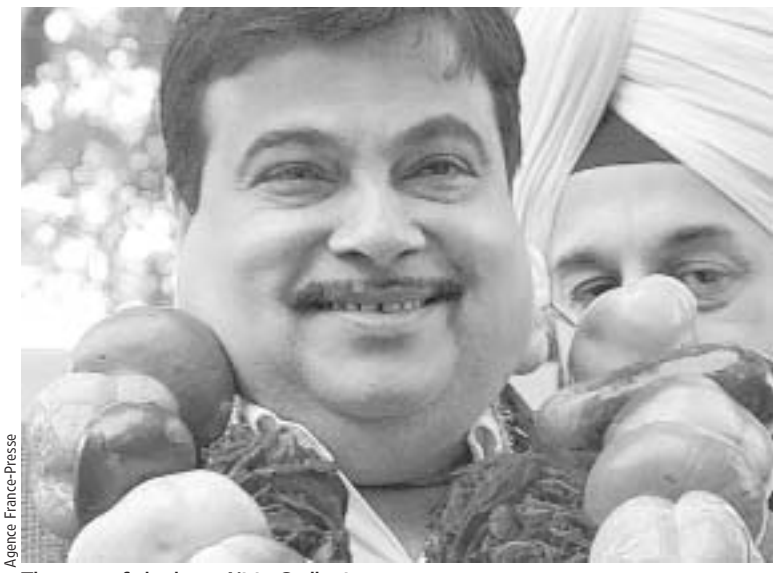
Barely 10 months ago, India's elites agonized over the possibility that the general election would produce an unstable and fractious coalition government that would jeopardize the country's economic growth. Today, with a stable government in place and the Congress Party having clearly established its political primacy, Lutyens' Delhi resonates with whispered concern over the absence of a purposeful opposition.

India's new opposition leader Nitin Gadkari has a chance to make a fresh start.

The concern is based on a string of misgivings. The Manmohan Singh government is perceived to have grown utterly complacent. With inflation having crossed 8% and the price of food having registered a sharper increase, there is a feeling that the government is letting matters slide because it doesn't fear political opposition and social unrest. There are fears that political considerations are preventing a robust response to the Maoist threat. Finally, in the aftermath of the Copenhagen summit and the resumption of dialogue with Pakistan, there are concerns that the prime minister is obliging the Obama administration excessively.

Since it lost power in 2004, the Bharatiya Janata Party, India's principal opposition party, has lost its earlier appeal among the middle classes and the youth. This erosion of support was a consequence of a tired leadership, internal feuding, the pursuit of a policy of blind obstruction to all government initiatives and a failure to check sectarian hotheads identified with its Hindu nationalist ideology. From being a party of conservative Middle India, the BJP ceded its centrist space to the Congress Party. In recent months, it has been paralysed by a failure to counter the appeal of Rahul Gandhi, the Congress heir-apparent.

The national convention of the BJP, held last week in the contrived simplicity of a tented township in Indore, saw the appointment of a new president. The affable 52-year-old Nitin Gadkari, a self-made businessman from Nagpur, endeared himself to the 4,000 delegates with his disarming frankness. He readily admitted the party's lapses—the disagreeable leadership spats and the debilitating effects of cronyism—and promised an internal regime based on fairness and performance. With the party's earlier prime ministerial candidate, the 82-year-old L.K. Advani, elevated to a ceremonial role, Mr. Gadkari promised to induct representatives from the "third and fourth generations" and women into positions of responsibility. Finally, but without saying so too explicitly, Mr. Gadkari sent out a clear signal that the BJP would shun sectarian shrillness to recover its lost centrist space. He offended



Agence France-Presse

The man of the hour: Nitin Gadkari

Hindu hardliners by opposing the regional xenophobic agenda of their Shiv Sena party allies and suggested an out-of-court, political settlement of a 60-year-old case over a site in Ayodhya that Hindus believe is especially sacred but which was also the site of a 16th century mosque.

Bolstering the morale of the faithful is the first step in a program of political revival. To that extent Mr. Gadkari has made a good start and has earned himself considerable goodwill. The more difficult journey involves winning the trust of voters, particularly that generation which never experienced the heady Hindu mobilization of the early 1990s. For the moment, the BJP's focus is on establishing itself as a vigorous but responsible parliamentary opposition. Arun Jaitley, its leader in the Upper House, has already made an impact with his penetrating scrutiny of the government. Sushma Swaraj, its new leader in the Lower House, is expected to complement him with her spirited oratory.

However, galvanizing voters is only a fraction of the task before the BJP. Far more daunting is coping with the challenge of Rahul Gandhi. The young Congress general secretary has based his appeal on nebulous invocations of "youth power" and "modernity"—themes unrelated to the Singh government's performance. Mr. Gandhi's famous name is a big advantage, too. If the BJP has to counter Mr. Gandhi, it has to come up with its own big ideas.

Unfortunately for the BJP, this is the area where confusion persists. It has been subjected to very contradictory political pulls, best personified by the divergent approaches of its two most successful provincial governments. On the one hand is the Shivraj Singh Chauhan-led Madhya Pradesh government that prides itself on its compassionate development and sensitivity to cultural norms. On the other hand is the Narendra Modi-led government in Gujarat which has made rapid economic growth and modernization its signature tune. Although Mr. Modi remains controversial for his alleged complicity in the infamous sectarian killings in 2002, his government is marked for its efficiency and single-minded pursuit of economic growth rather than the advocacy of Hindu nationalism.

Mr. Gadkari's presidential speech in Indore was replete with noble messages: connecting with Village India, reaching out to the last man in the last row and undertaking voluntary work. But it was also lifted by a remarkably clear statement of principle: "The government's duty is confined mainly to strategic planning, legislation of sound laws and their effective enforcement. The actual business of performing economic activities should be left to non-governmental enterprises."

The seeds of an alternative approach to governance exist in the BJP. It is now up to its leadership to nurture them.

Mr. Dasgupta, a Delhi-based political commentator, is a former managing editor of India Today.

Moving Beyond Thaksin

By Thitinan Pongsudhirak

Thailand is dreading the Supreme Court's verdict on former Prime Minister Thaksin Shinawatra's frozen $2.3 billion in assets, scheduled for tomorrow. No matter how his wealth is disposed, given Thailand's political polarization the only certainty is that no one will be satisfied. In fact, the conflict will likely intensify as pro- and anti-Thaksin protagonists hunker down for a long battle of attrition. In these waning years of King Bhumibol Adulyadej's 63-year reign, both sides are desperate to put their stamp on the political system that will emerge in the new era.

Thaksin Shinawatra

Such polarization forms the backdrop for the court's judgement. Mr. Thaksin almost certainly will not be acquitted and receive all of his money back. That would negate the military coup that ousted him in September 2006. Corruption and conflicts of interest were the rationale of the putsch, which subsequently led to the current military-inspired constitution and the dissolution of Mr. Thaksin's two winning political parties. Any vindication of Mr. Thaksin would thus undermine the legitimacy of the army-supported coalition government of Prime Minister Abhisit Vejjajiva. It would also be unacceptable to the People's Alliance for Democracy, the anti-Thaksin civil society group identified by its yellow shirts.

Seizing all of Mr. Thaksin's assets, including those from before he entered politics, would be unsurprising, but this would raise questions at home and abroad about the fairness of the decision and further enrage the United Front for Democracy Against Dictatorship, the pro-Thaksin so-called "red shirts." They will portray confiscation as the culmination of a coordinated campaign of injustice since the coup to marginalize them and deny their grievances. For them, Mr. Thaksin has become less a leader than a figurehead in their pursuit of social justice and struggle for democratic rights. While his administration may have been corrupt, in their view, that just makes him like those who came before him and those who will come after. They admire his legacy of pro-poor policies and Thailand's modernization for the 21st century, both of which disadvantaged powerful elites.

The opposing yellows and their allied army, government and swathes of intelligentsia see Friday's verdict as the final act of political decapitation short of physical demise for a crook and a usurper. To them, the reds are merely Mr. Thaksin's financial lackeys, ignorant and gullible peasants prone to manipulative populism. They are supportive of the longstanding prerogatives, privileges and entitlements of the six-decades-old established political order.

The 'reds' have grown into an organic rural-based people's movement with the potential for violence.

Whatever the outcome, several portents have emerged. The doomsday scenarios for verdict day are overblown, and the outcome has been largely factored in by both sides. The reds rioted disgracefully last April in their large-scale protests in the streets of Bangkok. They lost credibility and legitimacy, but their strength and resolve have enabled them to regroup in less than a year. They are unlikely to resort to the same tactics this time, owing to the absence of backing from the Bangkok middle class, military and other powers-that-be, unlike the yellows who were untouchable when they closed down Bangkok's airports in December 2008.

Herein lies the ultimate danger for Thailand. The reds' sense of disenfranchisement, injustice and alienation will fester as long as their demands and expectations for opportunities and upward mobility are left unaddressed. They have grown into an organic rural-based people's movement that Mr. Thaksin could hardly have imagined when he was deposed. Their ranks may lack leaders of Mr. Thaksin's means and stature but they are gaining foot soldiers and sympathizers by the day. If their rage accumulates indefinitely, the resulting explosions may lead to a spiral of violent confrontation and political instability.

The Abhisit government, the army, the PAD and other establishment forces have systematically demonized Mr. Thaksin as a corrupt populist because they fear the red forces he has unleashed. However, these pro-establishment forces must be aware that their days are numbered as King Bhumibol's reign enters its denouement. They have erected a wall of pro-monarchy legislation and prosecution, but globalization and democratization are working against them. The challenge for them is to eliminate Mr. Thaksin's legacy of corruption and abuses of power while accommodating his followers' grievances, demands and expectations.

The red leaders, on the other hand, need to see through Mr. Thaksin's self-aggrandizing crusade and to reassure their establishment opponents that adjustment and reform need not mean losing it all. Until this mutual recognition and accommodation take place, Thailand is unlikely to find peace, stability and a way forward, only more pain and grief.

Mr. Thitinan is director of the Institute of Security and International Studies at Bangkok's Chulalongkorn University.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"It's just like regular yoga except at the end of every class we suggest a human sacrifice."

IN DEPTH

U.S. bailout anger undermines Geithner's clout with Congress

His unwillingness to play the populist makes him an ineffective pitch man for Obama administration

By Deborah Solomon
Washington

Timothy Geithner's role in calming the financial crisis landed him the coveted job of U.S. Treasury secretary last year. That same résumé is now dogging him.

In his next test, Mr. Geithner will find out this week how lawmakers are treating one of his main goals—revamping the nation's financial regulations—when Senate Banking Committee Chairman Chris Dodd unveils his new bill. In Washington, where perception can take on the status of fact, the political woes facing Mr. Geithner are diminishing his authority.

His dilemma: The bank rescues he helped engineer averted economic collapse. Yet to some lawmakers, Mr. Geithner looks weak. His association with unpopular financial bailouts has become an albatross. His neutral rhetoric on bankers' bonuses—the fat payouts are "very hard for people to understand," he recently told CNBC—spurs talk that he coddles Wall Street.

Lawmakers have been bickering for months over Mr. Geithner's regulatory revamp. Despite renewed confidence in the banks and a growing economy, Mr. Geithner gets little credit. His unwillingness to play the populist makes him an ineffective pitch man for an administration eager to defuse public anger over unemployment and the housing crisis.

To boost his image, Mr. Geithner is waging a charm offensive. On Friday he toured a supermarket in Philadelphia with first lady Michelle Obama to showcase efforts to reduce childhood obesity, an unusual event for a Treasury secretary. He demonstrated how a Treasury program offering tax credits in low-income communities can bring in businesses selling more nutritious food.

On Wednesday, Mr. Geithner was on Capitol Hill, urging Congress to work with the Obama administration to work together to restore confidence in the economy, starting with legislation to encourage job growth. "Washington's role must be to create optimal conditions for small and large American businesses to grow, innovate and create jobs," Mr. Geithner said in testimony before a House panel.

Mr. Geithner says even his wife has urged him to show more emotion in confronting the banks. His response to her: Doing so risks politicizing the Treasury.

Interviews with dozens of government officials show that Mr. Geithner has acted as a brake on administration officials seeking punitive action against big financial firms.

Last year, in a previously unreported move, he resisted efforts to oust **Citigroup** Chief Executive Vikram Pandit as a condition for more government aid, according to administration officials. He successfully argued against ripping up contracts that controversially allowed millions of dollars in bonuses to be paid to **American International Group** employees, stating: "This is not Bolivia," according to two people who heard him say it.

Mr. Geithner also has pushed for banks to repay government funds (making them raise private capital instead) in defiance of some lawmakers and government watchdogs who said the firms should remain under Treasury's thumb until they resume lending to help the economy.

"What we achieved in the financial sector was way above expectations," Mr. Geithner said in an interview, pointing out "how quickly we restored confidence" in the financial system. "As long as I believe that we are making good judgments...and fixing stuff that was broken in ways that are going to make a difference, then I can live with the consequences."

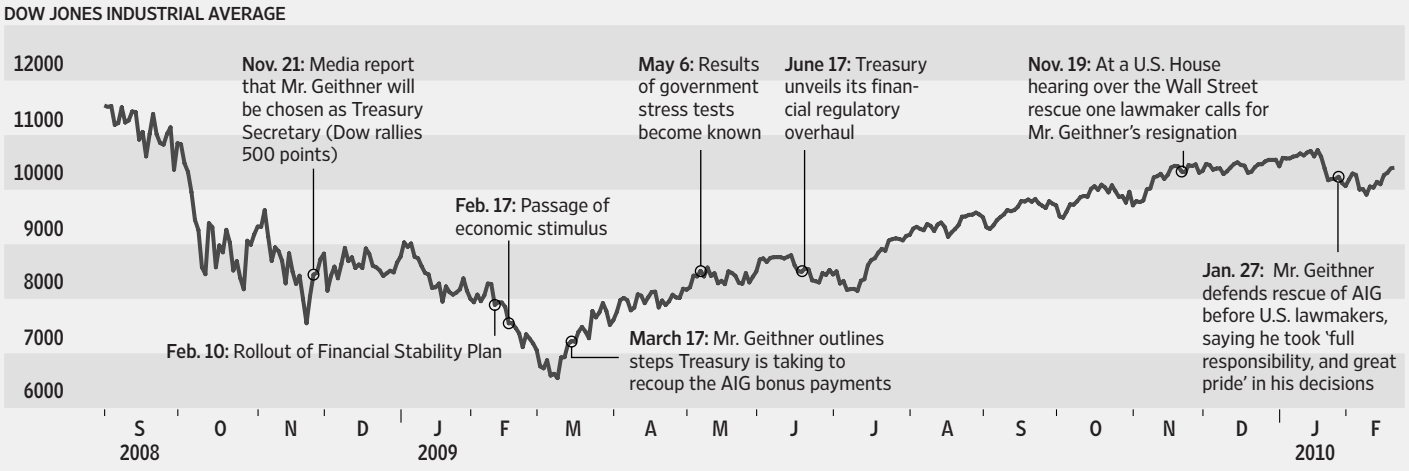
Midterm elections could produce losses for Democrats for a variety of reasons, including high unemployment, and some worry Mr. Geithner isn't helping. "I told him, as a party, we are going to be doomed if our image is that we are the antipopulist handmaidens of Wall Street," said Rep. Brad Sherman, a California Democrat and a bailout opponent.

Democrats seeking office will lose a criti-

Agence France-Presse/Getty Images

Treasury Secretary Timothy Geithner toured a Philadelphia grocery store on Friday with Michelle Obama as part of an effort to refashion his public image amid anger over bailouts and banker bonuses.

Turbulent tenure | Timothy Geithner's term as Treasury secretary


DOW JONES INDUSTRIAL AVERAGE
12000
11000
10000
9000
8000
7000
6000
Nov. 21: Media report that Mr. Geithner will be chosen as Treasury Secretary (Dow rallies 500 points)
Feb. 10: Rollout of Financial Stability Plan
Feb. 17: Passage of economic stimulus
March 17: Mr. Geithner outlines steps Treasury is taking to recoup the AIG bonus payments
May 6: Results of government stress tests become known
June 17: Treasury unveils its financial regulatory overhaul
Nov. 19: At a U.S. House hearing over the Wall Street rescue one lawmaker calls for Mr. Geithner's resignation
Jan. 27: Mr. Geithner defends rescue of AIG before U.S. lawmakers, saying he took 'full responsibility, and great pride' in his decisions
S O N D J F M A M J J A S O N D J F
2008
2009
2010

Sources: WSJ Market Data Group; published reports

cal talking point if Congress doesn't pass a financial-rule makeover by November.

Mr. Geithner has room to maneuver: He may be caught in Washington's cross hairs, but that appears to have had little impact on public opinion. A January Wall Street Journal/NBC poll found 54% saying they either didn't know Mr. Geithner's name or were unsure of their opinion, up from 51% a year earlier, despite rising public discontent over bailouts and bonuses.

Mr. Geithner routinely characterizes the government's actions to stabilize banks as necessary but "offensive." In an interview, he said the anger aimed at him is natural but is magnified by a lack of public trust in government.

"I think the most damaging thing, and the thing that's been the hardest, is to help people understand what we're trying to do," he said, "and why it was necessary—what we could do, what we could not do."

Mr. Geithner's approach to stabilizing the financial system, particularly the "stress tests" to measure bank health, helped put a floor underneath the crisis, something even critics concede. "It's true that we've avoided Armageddon," says Anil Kashyap, an economist at the University of Chicago Booth School of Business and initial critic of Mr. Geithner's plan.

"People sometimes forget, we were on the precipice," says David Cote, CEO of Honeywell. "You get little credit for the problem you avoided."

In interviews, top White House officials—including Rahm Emanuel, the president's chief of staff, and senior political adviser David Axelrod—said Mr. Geithner's job is secure. "The president's view is that Tim is one of the stars," Mr. Emanuel said. "Tim was an essential and a key player in developing a strategy that helped restore confidence and turn the whole country around."

Before taking the podium in January for his first State of the Union address, President Barack Obama gave a public vote of confidence by grasping Mr. Geithner on both shoulders and complimenting him on his testimony that day at a congressional hearing on the AIG bailout.

Treasury officials say Mr. Geithner's standing among lawmakers is strong. Earlier this year, they say, he helped assuage fears among Democrats and Republicans wary of confirming Ben Bernanke to a second term as chairman of the Federal Reserve with phone calls and in-person meetings. Mr. Bernanke won Senate confirmation, 70-30.

The government is winding down its bailout programs, and the biggest banks have repaid their government funds, often at a profit to the Treasury. The rescue is estimated to cost at most $120 billion, less than the $700 billion once envisioned. Still, the bailout strategy is hurting Mr. Geithner's standing.

"The public is saying, 'You've got to hold those bastards accountable,' and the political winds are now blowing clearly to the latter," says Robert Reich, a former labor secretary under President Bill Clinton.

Mr. Geithner, 47 years old, sees himself as a behind-the-scenes diplomat rather than a politician. He spent almost his entire career in public service at the New York Fed, the International Monetary Fund and the Treasury Department. His office, which has a view of the White House and a portrait of Alexander Hamilton hanging above a fireplace, appears largely devoid of personal memorabilia, although aides say Mr. Geithner keeps photos on his desk where only he can see them.

According to people familiar with Mr. Geithner's views, he argues that crafting policy in response to the public anger toward Wall Street might feel good, but invites charges of partisanship and is harmful in the long run. In a crisis, "there is usually not a huge overlap between what's popular at the moment, and what's right for the economy," says Gene Sperling, a top Geithner aide.

Mr. Geithner has opposed actions he saw as crossing that line. In February 2009, the government considered increasing its then-7.8% stake in troubled Citigroup to more than 30%. Some in the White House said the U.S. should oust the chief executive, Mr. Pandit, as a condition to satisfy the public's desire for punitive action, according to administration officials.

Mr. Geithner resisted, saying it didn't fit the principles the administration agreed upon for replacing management.

The U.S. wasn't putting new taxpayer dollars at stake in the deal, and Mr. Pandit hadn't been at Citi when many of its bad decisions were made. He argued that replacing the CEO could destabilize a firm with no clear successor.

Mr. Pandit kept his job. Instead, Citigroup was required to add more independent directors to its board.

A month later, amid public outcry over $168 million in bonuses for employees of AIG—the giant insurer now 80%-owned by the U.S. government—White House officials raised the idea of not honoring the employees' contracts. Mr. Geithner disliked the bonus payments but rejected the idea, saying the U.S. doesn't abrogate contracts.

Even when Mr. Geithner began moving early to take action against financial firms, his efforts to avoid political entanglements made him look late.

In August, Mr. Geithner asked Treasury staff members to look into whether it would make sense to tax banks' financial transactions to recoup Troubled Asset Relief Program losses. He told staff to not broach the topic with the White House until he gave the go-ahead, because he didn't want to "give oxygen" to the tax idea before it could be thought out.

Meanwhile, however, others began calling for a transaction tax, including U.K. Prime Minister Gordon Brown and House Speaker Nancy Pelosi. The result: By the time Mr. Obama rolled out his own bank-fee plan in January, it appeared to many a defensive move. The announcement came just after Republican Scott Brown stunned Washington by winning the late Ted Kennedy's Massachusetts Senate seat. Mr. Reich, for instance, said in an interview the plan seemed "to be in response to...the perceived populist upsurge."

It hasn't helped that many people incorrectly think Mr. Geithner used to work on Wall Street. Sen. John Kerry made the mistake at a hearing last year. And during an April 2009 hearing of a panel overseeing TARP, Damon Silvers, associate general counsel of the AFL-CIO, made reference to Mr. Geithner's having "been in banking."

Mr. Geithner cut him off: "Actually, I have never actually been in banking. I have only been in public service."

"Well, a long time ago. A long time."

"Actually never."

"Investment banking I meant."

"Never investment banking. Spent my entire life in public service."

"Well, all right," Mr. Silvers conceded.

When asked about the exchange, Mr. Silvers says he simply made a mistake.

Mr. Geithner so far has been unable to achieve a key White House objective—revamping the U.S. rule book for banking and finance. Last June, the administration proposed sweeping changes to market regulation. The plan includes limits on risk-taking by financial firms and added consumer protection for mortgages and credit cards.

The proposal ignited a fractious debate in Congress over whether it went far enough. Hurting the effort: Critics framed Mr. Geithner as taking the banks' side.

As the House debated the proposal last fall, Mr. Geithner rejected an idea to charge large financial firms an upfront fee to pay for government cleanups if they later fail. Mr. Geithner felt that would send the wrong message to investors—namely, that the government would step in, coddling them if their investments soured. He argued for recouping losses with a fee after a failure.

Lawmakers saw the opposite. "We read all about how good the Wall Street giants are doing.... Well, they should set aside some of that money," Rep. Luis Gutierrez (D., Ill.) said at a hearing with Mr. Geithner. The Senate is now split over the issue.

In November, Mr. Geithner was unable to stop a proposal that the Treasury believes will make it tougher for banks to raise capital. The proposal, by North Carolina Democratic Rep. Brad Miller, makes it tougher for secured lenders to get their money back if a bank fails.

Mr. Miller says Mr. Geithner didn't talk to him about the provision or ask him to back down. He defends the provision, saying that creditors need to bear more of the pain when firms fail.

At times, Mr. Geithner appeared to lose control of the financial overhaul. Last fall, the entire regulatory package was held up by the Congressional Black Caucus, which refused to vote until the administration addressed broader concerns about job creation for low-income individuals and help for minority-owned institutions. Mr. Geithner and Mr. Emanuel raced to Capitol Hill for a late-evening meeting with lawmakers.

But caucus members grew impatient. Mr. Geithner told California Democratic Rep. Maxine Waters he wasn't sure he could address the concerns, which included getting large firms that received government capital to consider directing funds toward minority-owned businesses.

For now, Mr. Geithner appears comfortable playing the beleaguered warrior. At a tongue-in-cheek political dinner in late January, Mr. Geithner served as a stand-in for Mr. Obama, reading aloud a letter from the president. "Of course, I've had some political setbacks this year," Mr. Geithner read. "But look on the bright side—at least I'm not Tim Geithner."

Midterm elections could produce losses for Democrats for a variety of reasons, including high unemployment, and some worry Mr. Geithner isn't helping. 'I told him, as a party, we are going to be doomed if our image is that we are the antipopulist handmaidens of Wall Street,' said Rep. Brad Sherman, a California Democrat and a bailout opponent. Democrats seeking office will lose a critical talking point if Congress doesn't pass a financial-rule makeover by November.

Sports Promotion

The Business of Football

What business can learn from football

Managers must offer players skill, passion and loyalty to forge a winning formula

Successful coaches know all the pluses and minuses of each player on the team

By Catherine Bolgar

Christopher Serra

Imagine 50% of an industry posting devastating losses at each short-term benchmark. Imagine chief executives getting sacked after four or five such losses. Imagine those CEOs with an average tenure of two years and a total career expectancy of five years. Imagine the same CEOs earning less than the people they lead.

Welcome to professional football.

In England's professional football system, 92 clubs are split among four divisions, and move up or down based on performance. Average attendance at games for the top division, the Barclays Premier League, is 35,000; that falls to between 15,000 and 25,000 for the next level down, the Football League Championship, explains Bill Gerrard, professor of sport management and finance at Leeds University Business School in Leeds, U.K. Being relegated out of the Premier League can cost a team between £35 million ($54.5 million) and £50 million of revenues a year.

"Sport can give real insight into how people operate under ultracompetitive circumstances," says Dr. Gerrard. "It's an industry where failure is endemic" — from the fact that an average team loses 50% of the time, to the tiny percentage of hopefuls who succeed in becoming players and managers.

That very difficulty means those who succeed are truly the crème de la crème to an extent rarely found elsewhere. Football managers, especially, throw into sharp relief lessons for successful management anywhere.

Lots of loyalty

Even as they receive little loyalty from the boards of football clubs, managers are very loyal to their players, says Cary Cooper, professor of organizational psychology and health at Lancaster University, Lancaster, U.K., and co-author of "Business and the Beautiful Game," published in 2005. Passion feeds football managers. Despite the pressure to win and job insecurity, they enjoy their work, as do the players.

For them, team building is about fun and not just fault-finding, says Dr. Cooper. In business, "management is dull in most cases. We forgot the business of managing human beings."

An ability to communicate passion is what makes managers — in business or sport — inspirational, says Ed Weymes, pro-vice chancellor international at the University of Waikato, in Waikato, New Zealand, and co-author of "Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations," published in 2004.

Inspirational players and managers use their passion to build trust, Dr. Weymes says. "You feel safe within the organization in which you live, you trust the individuals you work with and you are inspired by the people with whom you work. It's far away from the old command-and-control, top-down style of management where we told people what to do."

While many good players go on to become managers, they do not necessarily become good managers. But just as technical prowess doesn't guarantee good leadership, a lack of technical expertise doesn't preclude someone from being a great leader.

In sports, the career path was to play the game, and "if you were halfway decent at it, you became a manager or a coach," says John Neal, director of the Sport Business Initiative at Ashridge Business School, Berkhamsted, U.K.

Now several top managers — Sir Alex Ferguson of Manchester United, David Moyes of Everton and Arsene Wenger of Arsenal — gain the respect of players not by their past sporting capability but by their intellect, Dr. Neal says. They all played the game but never became star players, yet they became star managers.

A special quality

Indeed, it's the rare player who retires from an illustrious career and is able to become a good manager. Alan Shearer wasn't able to turn his brilliance as a striker for Newcastle United into managerial success there — his tenure as the team's manager lasted just eight games between April and May of last year. Former Newcastle forward Kevin Keagan had more luck as manager of the team during his tenure there between 1992 and 1997, not only saving it from being relegated to the third tier but raising the team to the Premier League in 1993.

In business, "we don't select based on social and interpersonal skills but on technical competence," says Dr. Cooper of Lancaster University. While managers need a certain base level of competence, "really good managers know where their Achilles' heel is, and they will appoint other people to pick up their weaknesses. They don't think they have to do everything."

Football managers throw into sharp relief lessons for successful management anywhere.

And good managers know how to give praise and reward. "They're touchy-feely," says Dr. Cooper. "Really good managers won't ignore a player who has had a bad game. They go and pat him on the back when he's pulled off."

In business, he says, managers rarely tell workers they've done a good job. They will complain about bad work, and they will congratulate something fantastic, but a worker who regularly goes above and beyond the call of duty often is taken for granted.

Coaches need to understand each person on the team, says Gladeana McMahon, an executive life coach in London who has worked with a number of top business managers using sport metaphors. "They need to know their strengths and limitations, what motivates them. They need to customize the way they talk to each person. They need to find what really makes them tick."

Dr. Weymes of Waikato University

agrees. Sports managers go to extraordinary lengths to learn everything about their players, including very personal details, "so the guys on the pitch are not distracted by anything else."

With so much money — not to mention the manager's future — on the line at each game, it isn't surprising that managers sometimes explode in fury when plays go awry. Yet, the key to winning is just the opposite: staying calm, focused and anchored, Ms. McMahon says.

Football managers tend to be better than business managers at turning setbacks into learning experiences. "A coach will say, what did you learn when you missed kicking the ball into the net? How do we help you visualize it? How do we help you focus?" she says.

Frequent feedback

The hectic schedule of a game or two a week gives teams and individual players a constant opportunity for evaluation. By contrast, most companies evaluate employees once a year. More frequent feedback could help in many business settings, says Dr. Cooper of Lancaster University.

At the same time, business is often criticized for taking a short-term view, keyed to quarterly financial results rather than long-term success and survivability.

In the book, Dr. Weymes and his co-authors surveyed teams in several sports that had been world champions or contenders for championships for at least a decade. During such a long stretch, players and coaches come and go, yet certain teams manage to hold on to a spot at the top. Such winning teams share several characteristics, even though the sports are not the same: continuity, so that former players remain with the organization in other roles, inspiring the new players and keeping the flame of tradition; building the brand not only within the team but with sponsors, fans, and even the guys who man the lights; and a goal beyond winning — whether it's to uphold a national banner or build the role of women in society as were both the case with the U.S. women's soccer team.

Effective managers build trust and inspiration within the team.

A grand, long-term vision is compatible with immediate feedback, Dr. Weymes says. "In many organizations, feedback is continual." Some companies use a 100-day rolling game plan to juggle the short-term and long-term views.

"I would say the biggest lesson I have learned in life is rigor," said Arsene Wenger, Arsenal manager, on his 60th birthday in October. "Discipline, discipline and discipline again… I have learned that no one has enough ability to live off it alone. It does not go far and a life without work goes nowhere," he says on the team's Web site.

One of the challenges of football managers is reining in sometimes-very-young men who need to learn how to handle sudden fame and vast fortune. If a player gets in a brawl or otherwise generates negative media attention, he is letting down the whole team.

"Players are young and will make mistakes, but the manager has to get them back into line," says Dr. Cooper of Lancaster University. Good managers "let people know what the rules are and what the boundaries are and rein in those who come close to the limit."

Peak performance

Good managers also instill a subtler form of discipline, which is about different kinds of limits — physical and personal. For example, good managers stop players from overtraining to maintain peak performance for the match and to prevent injury, notes Ms. McMahon, the executive coach. "In business it's the same. A body is only flesh and blood. If you think you can work 24/7, 365 days a year, it doesn't matter how powerful you are, eventually it will catch up with you."

Good managers also get star players to sublimate their big egos for the greater good of the team. If each player is trying to score a goal for his personal glory, the team is likely to lose.

If the business world looks to sports, says Dr. Weymes of Waikato University, it will see "we need to look to the importance of relationships. And that being an individual isn't always the most effective way of winning."

The Business of Football series is also available online at: **wsj.com/businessoffootball**

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FROM PAGE ONE

China localities pinched by tighter credit

Continued from first page
out to start new projects this year," said Stephen Green, an economist for **Standard Chartered** in Shanghai.

Estimates of the total debt accumulated by investment vehicles set up by local governments range from six trillion yuan (around $878 billion) widely cited in the Chinese media, to the 11 trillion yuan calculated by Northwestern University professor Victor Shih. Those sums—on the same order of magnitude as all the official debt of China's central government—have drawn high-level concern.

"If this is handled poorly it could result in local government financing platforms being unable to repay their debts, creating bad assets for banks and other problems," central bank Gov. Zhou Xiaochuan warned in January.

Liu Mingkang, China's chief bank regulator, followed up in a nationwide conference call with bank executives on Jan. 26, telling them to "fully assess and effectively guard against risks from local government financing platforms."

The Shanghai Securities News reported Wednesday, citing unnamed sources, that banks had been ordered to stop issuing new loans to investment vehicles that are backed only by local governments' future revenue and have no registered capital.

Several Chinese banks contacted Wednesday didn't respond to queries about such lending.

Although local governments in China are generally prohibited from going into debt, most manage to circumvent the law by setting up their own companies to do the borrowing. Supported by land holdings and the promises of officials, such firms found plenty of obliging banks during the recent lending spree. And with most tax revenue going to central government coffers in Beijing, local agencies had no other way of paying for the new bridges and dams called for in the stimulus.

The central government has taken several steps to slow down new bank lending this year. Amid the more risk-averse atmosphere, local government companies no longer are favored customers. The country's largest bank, Industrial & Commercial Bank of China, said this month it will "strictly manage" lending to "urban infrastructure projects carried out by local government fundraising platforms."

Local capital markets are also becoming less welcoming. In 2009, domestic bond issues by municipal investment companies totaled 121.2 billion yuan, according to the National Development and Reform Commission, double the pace of previous years. But these bond issues have already fallen off from their peak in early-2009.

Regulators have raised the bar for new bond applications by companies linked to lower-level governments with weaker finances, a person familiar with the situation said. However, the central government is still processing applications for bond issues from these companies, as there is a backlog from last year. "The government isn't shutting down the bond market," this person said. "But there is a growing awareness of credit risk."

A worker welds at a subway construction site in Shanghai last month.

Sources: China Government Securities Depository Trust & Clearing; Associated Press (photo)

The NDRC declined to comment, and the Ministry of Finance didn't respond to a request for comment.

Local governments' plans for the year appear to have factored in a tighter fundraising environment. The Wall Street Journal examined the government work reports for 2010 that China's 31 provinces have published over the past two months. Of the 28 provinces that announced a formal target for investment growth this year, 26 are aiming for lower growth in 2010 than in 2009; the remaining two want to keep growth steady. On average, the provinces are targeting an increase in investment for 2010 that is 11 percentage points below what they achieved in 2009.

Curbing local governments' reliance on off-balance-sheet debt isn't a simple task, because they face real financial pressures. For now, some local officials seem willing to accept the central government's tougher line. "We will standardize all varieties of government financing platforms, and focus on preventing financial risks," Shandong Gov. Jiang Daming said in a January speech. Others are still reluctant: Guangxi Gov. Ma Biao said in a speech that he will "give full play to the role of investment financing platforms and expand the scale of fundraising."

The central government will ultimately have to pick up the tab for any debts the local governments can't sort out themselves. "Beijing is still responsible for the debt risk of local governments, and they are not allowed to go bankrupt under any circumstances,"Xu Lin, director of the fiscal and financial affairs department of the NDRC, wrote in a recent article.

Demise of Hummer bid highlights obstacles

Continued from first page
the commission also hasn't received any application.

"It looks like no one took responsibility" for the deal inside the bureaucracy, said the knowledgeable person. But since Tengzhong's application "was never formally received" by regulators, "it's not going to be formally rejected." The person said that officials didn't give a specific reason for withholding approval but that it's "reasonable" to assume—as analysts have speculated since the deal's announcement—that Hummer's reputation for "not being green" doesn't fit with Beijing's efforts to promote fuel efficiency and green technologies in its auto industry.

Michael Albano, a GM spokesman in Shanghai, said GM and Tengzhong "are still working together" to complete the deal. He declined to elaborate.

Lawyers and others involved with deals in China say the problems for the Hummer acquisition reflect in part a regulatory process that remains remarkably opaque despite China's enormous economic clout and its status as one of the world's biggest sources and recipients of global capital.

"The official approval process is a big barrier to getting a deal through" in China, said Antony Dapiran, a China-based partner at law firm Freshfields Bruckhaus Deringer LLP who advises Chinese companies investing overseas and foreign companies investing in China. Mr. Dapiran said one of the first questions investors ask about deals is what they can do to boost their chances of approval. But "there's not a lot of concrete advice, guidance or steer you can give clients," he said, because "you are faced with an approval process with a fairly low degree of transparency on how decisions are made."

Agence France-Presse

Visitors inspect Hummer SUVs during a car show in Lianyungang city, in China's Jiangsu province, a couple years ago.

In addition to approvals from the provincial government, the NDRC and the Commerce Ministry, deals as big and prominent as the Hummer bid may need clearance from other agencies, such as the Ministry of Industry and Information Technology and the State Administration of Foreign Exchange, which would have to approve any conversion of Chinese yuan into the dollars or other foreign currency that most global deals involve.

China's murky approval process has also affected foreign investments coming into the country, such as Coca-Cola Co.'s $2.4 billion bid for China Huiyuan Juice Group Ltd., which was rejected last March on antitrust grounds after a lengthy wait. The process has even hobbled well-connected government companies. State-owned China Development Bank, for instance, had to abandon its planned multibillion-dollar investment in Citigroup Inc. in early 2008 after the government rejected it.

GM and Tengzhong had postponed their deadline for completing the Hummer deal to Feb. 28, a timetable that now seems almost certain to be missed.

Tengzhong and its main co-investor, Sichuan tycoon Li Yan, had intended to make Hummer, currently focused on North America, a more global brand, expanding its reach into mostly untapped markets such as Australia and Russia and especially China, where it currently sells very few vehicles.

To reinvigorate the brand, whose sales have languished in recent years because of high gasoline prices, Tengzhong also hoped to add a manufacturing plant in China that could export vehicles to Russia and Australia and set up a network of dealers to quickly expand sales here, executives have said.

If Tengzhong and GM are now able to structure a deal for Hummer to be acquired through an offshore vehicle, the goal would still be to increase sales in China, the knowledgeable person said. But that would probably have to be done through imports. The person said any effort to establish a Chinese factory through an offshore-owned Hummer would be difficult.

—Liu Li contributed to this article

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Google risks China brain drain

Internet search giant's uncertain future in country has employees receptive to job pitches from other companies

By Loretta Chao

BEIJING—Technology companies in China have begun aggressively trying to poach talent from **Google** Inc. in the wake of its pledge to stop complying with Chinese government censorship rules, potentially complicating the Internet search giant's effort to continue operating in the country.

Headhunters and rival Internet executives say that uncertainty over Google's future in China has made engineers and other employees from the U.S. company's Chinese offices more receptive to their overtures. Those employees were previously much harder to woo away from Google because of staffers' loyalty to the company.

Zhao Chenglong, chief human resources consultant for Beijing-based recruitment firm **Finder Hunter**, said that since Google's announcement he has helped his clients poach "several" Google employees. He wouldn't specify the clients or the number, but said it was roughly the same number of Google China staffers he recruited in all of last year. Mr. Zhao says other technology companies, sensing opportunity, have authorized him to offer unusually large compensation packages to potential recruits from Google.

Bloomberg News

Pedestrians walk near the Google China headquarters in Beijing on Wednesday.

It's been more than six weeks since Google's Jan. 12 announcement that it was no longer willing to continue following government requirements to censor search results on its Chinese site, Google.cn. The firm said at the time it would be discussing "over the next few weeks" how it might continue operating in China despite that decision, and many observers had expected a resolution by now. But a person briefed on Google's talks with Chinese officials said this week that it could be weeks more before they conclude.

Analysts and industry executives say it is almost certain Google won't be allowed to operate the Chinese site unfiltered, but Google executives, including Chief Executive Eric Schmidt, have said they want to maintain an operation in China. Google is still trying to fill roughly 40 open positions in China that it listed on its Web site before its January announcement.

A Google spokeswoman said the firm is "hoping to find a solution with the government.... We highly value our employees and will work to find the best solution." Google employees in China contacted for this article declined to comment.

But personnel experts say the clouded outlook for Google in China makes keeping current staffers, let

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■ EU opens antitrust inquiry into Google 23

Shinsei Bank CEO to retire in June

By Alison Tudor

Shinsei Bank Ltd.'s. chief executive, Masamoto Yashiro, told an audience he plans to retire in June, after steering the midsize Japanese bank through the worst of the financial crisis.

Mr. Yashiro's announcement came during a speech to an investors' conference in Tokyo on Wednesday, according to a person in the audience. It raises the question of who will lead the bank as it struggles to carve out a niche for itself in a competitive market. Mr. Yashiro didn't name a successor.

However, he said he expects to find an outsider who appreciates the bank's business model and can maintain good relations with the Japanese financial regulator to succeed him. He also expects to leave the current management in place.

The 81-year-old said last year that he planned to step aside after the scheduled October merger of Shinsei with crosstown rival **Aozora Bank** Ltd. The chief executives of both banks were going to make way for Norito Ikeda, an adviser at the A.T. Kearney consultancy and an outsider to the banks, to take over.

However, as the financial crisis has abated, the merger talks have stalled because the owners no longer feel an urgent need to join forces.

Shinsei's Tier 1 capital ratio has improved under Mr. Yashiro's leadership from 6.02% at the time of the merger agreement last year to 7.83% as of Dec. 31.

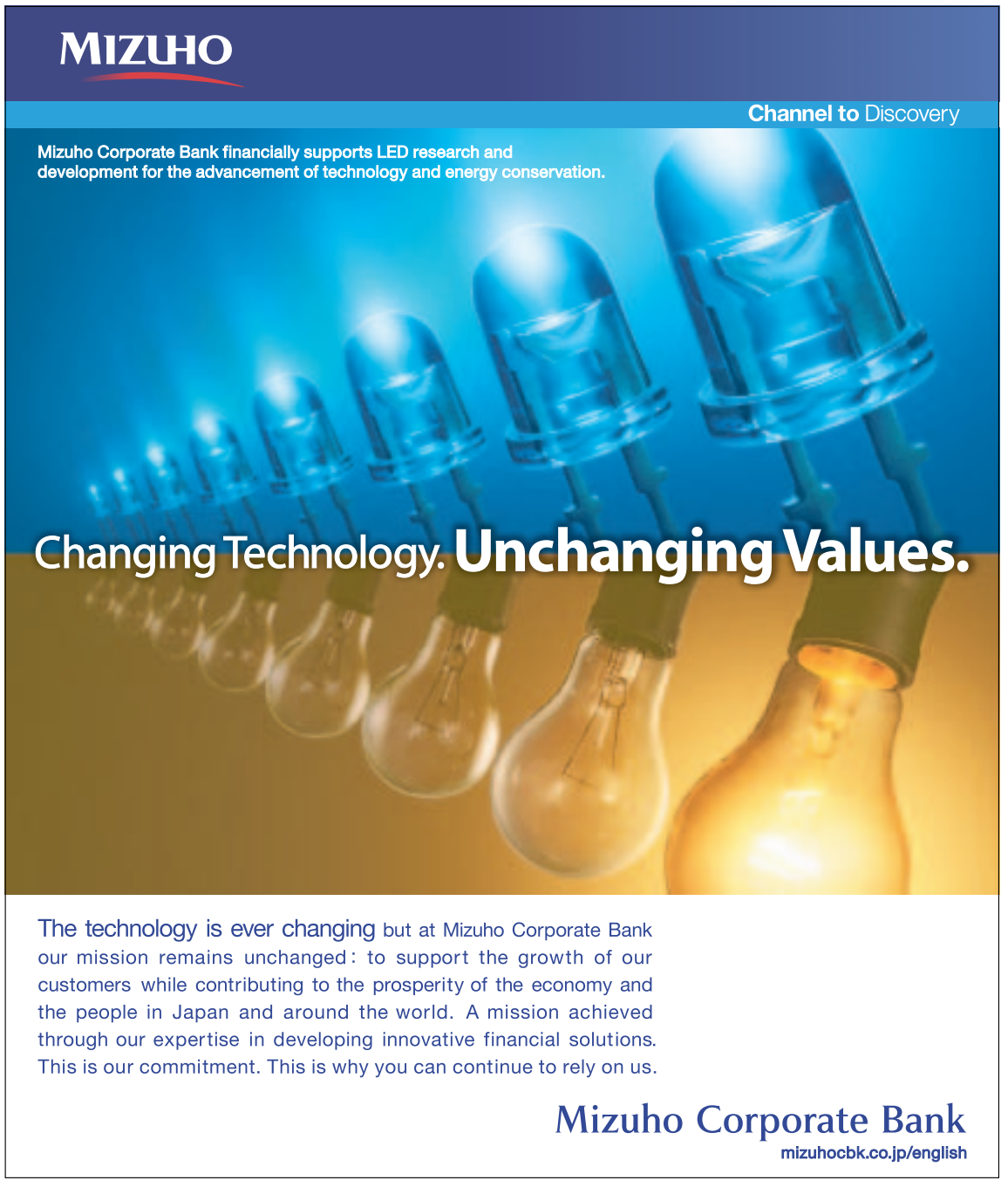
Bloomberg News

Masamoto Yashiro, shown last July

Mr. Yashiro reiterated in his speech that he believes banks strayed from their core business in the buildup to the financial crisis and indulged in too much proprietary trading. He said he hoped to see half of Shinsei's profits coming from core consumer-finance and retail-banking activities;these operations now account for only 30% to 40% of assets.

Mr. Yashiro was part of the team that bought the bank from the Japanese government in 2000. While the bank outperformed its peers for a few years, its core business has struggled badly during the financial crisis.

Mr. Yashiro semiretired in 2005 but was brought back by J.C. Flowers & Co, who still owns 32.5% of Shinsei, to deal with the crisis.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Hyundai recalls the Sonata

Auto maker plans to repair faulty latches on vehicle doors in South Korea and the U.S.

By Evan Ramstad

SEOUL—**Hyundai Motor** Co. on Wednesday announced a voluntary recall of its new Sonata sedan, its most important new model this year, in South Korea and the U.S. to fix faulty latches on the vehicle's front doors.

The action—which affects 46,000 cars in South Korea and 1,300 in the U.S.—came after customers in the U.S. complained that, in certain circumstances, the latch gets stuck after the door is opened and then can't be closed.

A company spokeswoman said the problem happens when a passenger simultaneously pulls the door latch and holds down the lock, an unusual circumstance but common enough to send the company scrambling for a fix.

There have been no accidents or injuries reported to the company in connection with the problem. But it came at a time of increased scrutiny on vehicle flaws, shaped mainly by troubles at **Toyota Motor** Corp., the world's largest auto maker by vehicle sales. That company in recent weeks has been forced to recall several models to deal with quality issues. Toyota President Akio Toyoda was set to appear before U.S. lawmakers Wednesday.

Shares in Hyundai Motor fell 2.6% on the Korea Stock Exchange after news of the recall emerged. Some analysts said they believed investors overreacted and that the financial impact of the recall would be minimal.

Hyundai's U.S. executives received complaints about the door on Monday and decided on Tuesday U.S. time to stop selling the car. Hyundai has about 4,000 units of the new Sonata at its approximately 780 dealers in the U.S. and has sold about 1,300 since the car became available there in January.

New latches for the doors will reach Hyundai's approximately 780 U.S. dealers on Wednesday U.S. time, and sales of the car will likely resume later this week.

Hyundai began selling the new Sonata in October in South Korea and has sold more than 75,000 units, making the car its top seller in its home country. But the recall will cover only about 46,000 cars built until Dec. 6. Hyundai began using a different latch in the car after that date.

Hyundai is counting on the new Sonata to further drive its growth and has drawn largely positive reviews for it.

The car, which was designed in the U.S., is key to an effort by the company to drive up sales of larger vehicles that produce bigger revenues and higher profits.

Hyundai was one of the few auto makers to experience higher sales in 2009, when the industry was hit hard by the global economic downturn, and was helped in large part by the emphasis in its product mix on smaller, fuel-efficient cars. Its U.S. sales grew 8.3% last year to about 435,100.

Hyundai

Hyundai's new Sonata is the company's biggest seller in South Korea and has gotten largely positive reviews.

Mall owner offers plan to split up

By Kris Hudson And Jeffrey McCracken

U.S. mall owner **General Growth Properties** Inc. was expected to unveil a plan Wednesday to exit bankruptcy this year by splitting the company in two, with Canadian property investor **Brookfield Asset Management** Inc. pledging $2.63 billion to the effort, several people familiar with the matter said.

General Growth and Brookfield envision the split creating both a company that owns nearly 200 high-quality malls and a smaller company with riskier holdings that appeal to investors willing to gamble for higher returns.

The complicated plan, drafted partly by activist investor and General Growth board member William Ackman, is meant to top a $10 billion buyout bid that rival mall owner **Simon Property Group** Inc. made last week. General Growth will argue that its plan, which is dependent on selling additional stock, offers its creditors more value than Simon's all-cash offer.

If General Growth's creditors and a bankruptcy judge approve the plan, General Growth would sell new shares in the larger company in the coming months to raise capital for paying some of its debts.

If General Growth splits, the larger of the companies, which will retain the General Growth Properties name, would hold 170 to 180 of the company's more than 200 malls, according to people familiar with the plan. Brookfield has pledged to buy 30% of that company's shares at a price of $10 a share for total consideration of roughly $2.5 billion.

The smaller company, called General Growth Opportunities, would include many of General Growth's struggling or less valuable assets, the people said.

The plan was likely to face criticism from Simon, which has offered to buy all of General Growth for $10 billion. Simon would pay off in cash General Growth's $7 billion in debt to its unsecured creditors, winning Simon support from creditors who prefer to receive cash as payment rather than General Growth stock.

Suncorp cuts dividend 25% as net income climbs

By Lyndal McFarland

MELBOURNE—Banking and insurance company **Suncorp-Metway** Ltd. cut its interim dividend 25%, despite improved fiscal first-half earnings. Its shares fell.

The company's new chief executive, Patrick Snowball, said that while the 41% improvement in its net profit was pleasing, Suncorp will maintain a cautious and conservative approach over the short term.

Suncorp, of Brisbane, Australia, said it will pay an interim dividend of 15 Australian cents (13.3 U.S. cents) a share, down from 20 cents a year earlier, as it increases its capital position to buffer against regulatory uncertainty, volatile market conditions and the potential for worse weather.

In Sydney, its shares dropped 6.4%, to 8.62 Australian dollars ($7.66). The dividend was below the bottom end of its target payout ratio of 50% to 60% of earnings and below market expectations.

"By retaining higher levels of capital, we will be in the strongest possible position to deal with any unanticipated short-term issues that may present over the next six months," Chairman John Story said.

But he said that if problems don't occur, the company's "firm position" is that excess capital will be returned to shareholders.

Net profit for the six months to Dec. 31 rose to A$364 million from A$258 million a year earlier.

The result reflected a strong contribution from its general insurance operations.

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CORPORATE NEWS

EU opens Google antitrust inquiry

Three European Internet companies have filed complaints alleging unfair tactics in ranking rivals' sites

WASHINGTON—**Google** Inc. said European antitrust authorities have opened a preliminary inquiry into complaints about its tactics made by three European Internet companies.

The inquiry, disclosed late Tuesday, appears to focus largely on complaints that Google unfairly ranks the sites of Internet competitors, in effect lowering their rank in search listings on Google sites. Google denied violating European law or taking any action to stifle competition.

*By **Thomas Catan**, **Jessica E. Vascellaro** And **Charles Forelle***

The European Commission inquiry is at an early, fact-finding stage and may not result in any action. But it appeared to be the first time that European antitrust authorities have examined Google's conduct outside of a merger review.

The commission on Wednesday confirmed it has received three complaints against Google that it is examining. "The commission has not opened a formal investigation for the time being. As is usual when the commission receives complaints, it informed Google earlier this month and asked the company to comment on the allegations," it said.

The inquiry comes at a time of heightened scrutiny of Google in Europe. Google said the allegations were made by Ciao.de, a German subsidiary of **Microsoft** Corp., **Foundem.co.uk**, a U.K. price comparison site, and **EJustice.fr**, a French site specializing in legal search inquiries. Foundem and EJustice couldn't immediately be reached for comment.

"We do believe it's natural for competition officials to look at online advertising, given how important it is to the development of the Internet and the dominance of one player," a Microsoft spokesman said, adding it hasn't been notified by the EC.

Julia Holtz, Google's senior competition counsel, wrote in a blog post that the Foundem complaint argued that Google's algorithms "demoted" its site in Google's results and that EJustice's complaint "seems to echo those concerns." She wrote that Foundem is a member of an Internet organization called ICOMP, which is a Brussels-based organization founded by Microsoft to campaign against Google in Europe. Ciao, the Microsoft subsidiary, has complained to Google about its terms and conditions, she wrote.

"While we will be providing feedback and additional information on these complaints, we are confident that our business operates in the interests of users and partners," she wrote.

Ms. Holtz acknowledged the importance of rankings in driving traffic to Web sites, and that the company is "the first to admit" that its search isn't perfect. Ranking Web sites is a "very hard computer science problem to crack," she said.

Google had previously disclosed the German Cartel Office had been looking into a complaint by Ciao, the details of which haven't been made public. The German authorities are also examining complaints by mapping site **Euro-Cities** AG and an association of German publishers. Italian authorities are also investigating a similar complaint by local publishers.

The European Commission, the European Union's executive arm and antitrust regulator, looked closely at Google's conduct in the advertising market in connection with Google's purchase of **DoubleClick** but cleared the deal in 2008.

The Internet company has also raised hackles in Europe on the privacy front, including with its "Street View" technology that shows photographs taken on public thoroughfares. And Google has shortened the amount of time it stores records of searches after pressure from an EU advisory panel on privacy issues.

The inquiry in Europe comes as the U.S. Justice Department has its own pending investigation into a legal settlement between Google, the Authors Guild and the Association of American Publishers.

Google trio convicted on privacy concerns

By Stacy Meichtry

ROME—An Italian court on Wednesday convicted three Google Inc. executives of violating the privacy of a disabled boy by allowing a 2006 video of students bullying the boy to air on the now-defunct Google Video site. The ruling could restrict the way Internet companies operate in Italy.

Judge Oscar Magi in Milan gave six-month prison sentences to David Drummond, Google's senior vice president and chief legal officer, Peter Fleischer, its chief privacy counsel, and George Reyes, the company's former chief financial officer.

The three officials don't face extradition or jail time, however, because prison sentences of less than three years are automatically suspended in Italy.

Giuliano Pisapia, a lawyer for Messrs. Drummond, Fleischer and Reyes, called the conviction "totally groundless," and said the three executives planned to appeal.

The three men were acquitted of criminal defamation, a charge for which they were also on trial and that would have carried a heavier prison sentence. The court also acquitted Google's senior product marketing manager, Arvind Desikan.

The ruling sets a legal precedent in Europe for one of the most-sensitive issues facing video sites such as Google's YouTube: whether Internet companies can be held legally liable for content that is posted on video sites by third parties.

Getty Images

Google's David Drummond, shown in January, and two others were convicted.

"This verdict sets a dangerous precedent," said Mr. Drummond, who is based at Google's headquarters in Mountainview, Calif.

"If individuals like myself and my Google colleagues who had nothing to do with the harassing incident, its filming or its uploading onto Google Video can be held criminally liable solely by virtue of our positions at Google, every employee of any Internet-hosting service faces similar liability," Mr. Drummond said in a statement.

The video, which was posted Sept. 8, 2006 and removed from the site on Nov. 7 of that year, showed a disabled boy being teased by classmates, said Giuseppe Vaciago, another lawyer for the Google executives. At one point in the video, one of the boy's classmates tosses a piece of paper at him, Mr. Vaciago added.

Prosecutors argued in court that Google Video, the site that hosted the video, was responsible for its content because management running the site had drafted a plan to sell advertising on the site.

Mr. Pisapia argued in court that Google Video never actually offered advertising space in Italy, and that the executives on trial played no role in the preparation of the marketing plan. During the trial, Mr. Pisapia and other lawyers for Google's executives denied any wrongdoing, arguing that the case risked infringing on Internet freedom.

In court, the lawyers said Google had removed the video from the site once Italian authorities notified the company about it. Google's conduct, lawyers argued, complied with European Union norms, enacted in 2000, that draw a line between companies or people who develop content for the Internet and companies that provide platforms to host and disseminate such material.

Forcing Internet companies to monitor and screen video sites poses enormous challenges to their business models. Twenty hours of video are uploaded on YouTube every minute, according to Google.

In a statement, Mr. Fleischer, who is based in Paris, said the ruling also raised "broader questions like the continued operation of many Internet platforms that are the essential foundations of freedom of expression in the digital age."

Google has no plans to scale down its operations in Italy, added William Echikson, a Google spokesman.

Google will continue to rely on users to notify the company about potentially abusive videos, Mr. Echikson said, adding: "We fundamentally believe the community system is the best way of policing the Net."

Xerox Sues Yahoo, Google over searches

By Paul Glader And Scott Morrison

Xerox Corp. alleges in a lawsuit that **Yahoo** Inc., **Google** Inc. and Google's YouTube video site have infringed on the document and services company's patents on Internet search and e-commerce technology.

The suit, filed Friday in U.S. District Court in Wilmington, Del., alleges that certain Google's AdSense and AdWords software that serve up ads based on Web-site content and users' search requests—violate a Xerox patent on automatically generating queries.

The suit also says some Yahoo's Y!Q Contextual Search, Yahoo Search Marketing and Yahoo Publisher Network programs infringe the same patent.

Xerox also says some other Google applications such as Google Maps and Google Video products such as YouTube.com violate another Xerox patent on "integrating information and knowledge." The lawsuit was reported earlier by InformationWeek.

"These claims are entirely without merit, and we'll defend against them vigorously," said Catherine Lacavera, senior litigation counsel at Google. "Yahoo does not believe we infringe and plans to fight this case," said a spokesman Dana Lengkeek.

Google's employees in China find job pitches from other companies

Continued from page 21

alone attracting new talent, difficult. "Ultimately, Google will need to resolve the uncertainty issue" in China," says Michael Bekins, head of the global technology practice in Asia for executive-search and consulting firm Korn/Ferry International Inc. "That's hanging over their head," he says. In the Chinese Internet sector, "the competition is really fierce... for that same talent."

One company pursuing Google staffers in China is **Microsoft** Corp., says a person familiar with the situation. The software giant, which is trying to build up its Bing search engine in China, has hired a designer from Google who is scheduled to start soon, says the knowledgeable person. A Microsoft spokeswoman didn't immediately respond to a request for comment.

Hao Wu, general manager of Daodao, the China subsidiary of **Expedia** Inc.'s TripAdvisor travel site, said his firm has approached Google employees who it previously deemed unattainable, and that many have agreed to talk to them. "Once Google made the announcement to possibly exit China, many tech companies were interested in poaching their employees," Mr. Wu said. "In the past we approached Google employees but very few were interested in leaving."

Internet executives say it used to be difficult to woo Google staffers in China because of its reputation for offering good opportunities and good pay. Echo Cui, partner at recruitment firm Eiger Search, says Google has unusually high requirements for applicants, often accepting only top-ranking graduates from China's top universities, and typically will offer the most competitive package to hotly recruited candidates. Google's plush Beijing office also offers video games, a yoga studio and salsa classes—amenities that might seem fairly common in Silicon Valley but that few Chinese companies provide.

Google has made efforts to reassure its China employees about the future through regular updates and meetings, and by going ahead with the company's annual Chinese New Year party earlier this month, according to a person familiar with the situation. Employees have also been invited to speak with managers about any concerns or questions, the person said.

Amy Cheng, a former Beijing-based recruiter for Google who is now director of human resources for Koolanoo Group, which operates several Chinese Web sites, said Google is still attractive to many Chinese. It's "very hard to find something [that] matches what they can do at Google" in terms of the impact of their work, said Ms. Cheng, who left Google before the January announcement.

—Kersten Zhang contributed to this article.

CORPORATE NEWS

Sanyo won't curb client base

New parent Panasonic, which has venture with Toyota, keeps its car batteries in-house

By Juro Osawa And Daisuke Wakabayashi

A **Sanyo Electric** Co. executive in charge of the company's battery unit said its promising car battery business will remain largely independent from that of parent **Panasonic** Corp., since Panasonic's close ties to Toyota Motor Corp. may make it difficult for Sanyo to keep other auto makers as customers, due to competitive reasons.

In December, Panasonic spent about 400 billion yen, or $4.43 billion, to acquire a majority stake in Sanyo with an eye toward building a green energy business that incorporates the electronics maker's car battery and solar panel units.

Panasonic holds slightly less than 20% of a battery joint venture with Toyota, called Panasonic EV Energy. Panasonic EV Energy doesn't sell its batteries to other car companies. But Sanyo has stood by its plan to sell to multiple auto makers, saying it's the easiest way to gain scale and establish a de-facto standard in a new industry.

Panasonic has yet to detail plans for how the two companies will reconcile divergent business strategies to supply lithium-ion batteries used in hybrid and electric vehicles.

"Panasonic thinks it is fine for Sanyo to stick to the current policy of selling batteries to all possible clients," said Executive Vice President Mitsuru Homma, who heads Sanyo's profitable battery business, speaking in an interview. "We won't risk losing our existing clients."

Agence France-Presse

Mitsuru Homma, head of Sanyo's battery business, wants to hold onto clients.

Sanyo, the world's largest maker of rechargeable batteries by market share, currently supplies nickel-metal hydride car batteries for current-generation of hybrid vehicles offered by auto makers such as **Ford Motor** Co. and **Honda Motor** Co.

Lithium-ion battery technology is expected to power the next-generation of hybrid, plug-in hybrid and electric vehicles. Mr. Homma says the car lithium ion battery market is almost non-existent now but should grow to about 1 trillion yen in 2015 and double to 2 trillion yen in 2020.

A Panasonic spokesman declined to comment, saying the company is still in discussion about integration plans. Panasonic President Fumio Ohtsubo is expected to unveil a detailed strategy for its green energy business in May.

One of the main hurdles to mass production of car lithium ion batteries is high prices, which will gradually decline as development costs phase out.

Lithium ion batteries are now used mostly for consumer electronics products, such as cellphones, computers, digital cameras and other portable gadgets. Mr. Homma said he expects the market for lithium ion batteries for consumer electronics to top 1 trillion yen by 2015, from the current range of 800 billion yen to 900 billion yen. Sanyo and Panasonic are aiming to grab a combined revenue market share of about 40%-45% by 2015, up from a combined share of about 35% now.

Mr. Homma acknowledges this won't be easy with South Korea's **Samsung SDI** Co. gaining ground technologically. Samsung also has been helped in part by a weaker won.

Sands' resort in Singapore opens April 27

By Sam Holmes

SINGAPORE—**Las Vegas Sands** Corp. said it will open the first phase of its Marina Bay Sands integrated resort in Singapore, which includes a casino, on April 27.

Marina Bay Sands Chief Executive Thomas Arasi said the group plans to open 963 hotel rooms, part of the shopping mall and convention center, restaurants and casino at the resort in Singapore, subject to construction proceeding as scheduled and the necessary regulatory approvals being met.

The second phase of the US$5.5 billion integrated resort, which includes the opening of more retail and dining outlets and the Sands SkyPark, is slated to open June 23.

In December, Las Vegas Sands Chairman Sheldon Adelson said the integrated resort would open in late March or early April.

"We are intently focused on meeting our construction timeline and preparing our team for opening and operating this extraordinary destination," Mr. Arasi said in a statement.

Las Vegas Sands' rival **Genting Singapore** Ltd. earlier this month opened the casino at its integrated resort, Resorts World Sentosa.

A Marina Bay Sands spokesperson said there is no update on the group's pending casino licence application with Singapore's Casino Regulatory Authority.

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Nikkei plans to sell Web subscriptions

By Daisuke Wakabayashi

Nihon Keizai Shimbun Inc., publisher of Japan's Nikkei business daily, said it will become the first of the country's four major national newspapers to offer an online subscription version, opening the door for other Japanese dailies to follow suit in one of the world's biggest newspaper markets.

While U.S. newspapers have struggled for years with declining readership as more people turn to free news available online, Japan's major national dailies have fared somewhat better because of their huge circulation base.

The Nikkei, which has a circulation of 3.1 million copies, said it will start offering an online subscription for 4,000 yen, or $44, starting March 23. For current subscribers paying 4,383 yen for the morning and evening editions, there will be an additional 1,000 yen charge.

"We don't expect this process to be easy, but if we want to succeed in five years or 10 years, we have to get started now," said Tsuneo Kita, Nikkei's president. "We can't reasonably expect the print editions to grow in the future."

Mr. Kita said it will make its new registration system and other parts of its Web platform openly available for other Japanese newspapers should they want to move to a subscription model. He said rival newspapers won't have to experience the "hardships" it went through in developing the systems to support the new subscription site.

All the major Japanese newspapers have Web sites but do not charge for them.

As part of a joint venture with **SBI Holdings** Inc., The Wall Street Journal operates a Japanese-language Web site offering business news for a monthly subscription of 1,980 yen.

Helped by the country's high literacy rate, aggressive door-to-door salesmen and an efficient home delivery system, the Japanese newspaper market is massive. Japanese papers still sell 50.3 million copies daily, or about one per household, according to the Japan Newspaper Publishers & Editors Association.

Japanese papers still sell 50.3 million copies daily, or about one per household.

The Yomiuri Shimbun, Japan's largest newspaper, sells more than 10 million copies a day, more than the combined circulations of U.S. papers USA Today, The Wall Street Journal, The New York Times, and London papers The Sun and The Daily Mail. Japan's top four—Yomiuri, Asahi Shimbun, Mainichi Shimbun and the Nikkei—are also the world's biggest dailies.

Even so, circulation is down 6% over the past decade as more young people turn to mobile phones and the Internet for free news.

CORPORATE NEWS

Jittery shoppers worry U.S. retailers

Major chains expect that high unemployment and weak housing markets will continue to weigh on spending

Americans show little sign of regaining the confidence that once made them world-champion shoppers, and that caution has retailers leery about the prospects for the economy in 2010.

*By **Miguel Bustillo**, **Sara Murray** And **Rachel Dodes***

Several top chains this week reported stronger results and lingering doubts. On Tuesday, **Target** Corp., **Home Depot** Inc. and **Macy's** Inc. joined a parade of consumer-focused companies in warning that sales gains will continue to be slow, especially in the year's first half.

Consumers remain reluctant to open their wallets with unemployment stubbornly high and home prices falling and unlikely to turn up soon, executives and economists say. While business purchases and other indicators point to an improving economy, unemployment is now at 9.7% and expected to fall only gradually over the next two years.

"The economy is not out of the woods yet," said Carol Tomé, chief financial officer of Home Depot, which Tuesday forecast a 2.5% rise in 2010 sales despite posting its first quarterly gain in sales at stores open at least a year in four years. "It's going to be flattish in the first half of this year as this economy continues coming out of the doldrums," she said.

New evidence that shoppers' spirits—and spending—are depressed came Tuesday when the Conference Board said its consumer-confidence index fell to 46.0 in February, from 56.5 a month earlier, its lowest point in 10 months. Consumers' views of current economic conditions also fell, as did their expectations for the economy.

"In terms of consumer spending, it's not really a strong recovery," said Brian Bethune, an IHS Global Insight economist, adding, "We continue to set ourselves up for disappointment."

Matthew Simon has always been frugal, but the 34-year-old says the recession reinforced that tendency. Even as he moved up in his career in procurement and engineering, Mr. Simon says he didn't indulge in extra purchases during the recession. Instead, he saved more and increased his charitable donations.

"I think it's even more critical when your means expand to be even more...vigilant about how the money is spent," said Mr. Simon, a Williamstown, N.J., resident.

America's patchy rebound is mirrored in Europe, where recovery has been fitful, and concerns are mounting that the Continent is struggling to muster growth even with significant stimulus.

Consumer-spending pressures even weighed down Latin America's biggest economy, which has a relatively robust economic recovery. Brazil's retail sales slipped 0.4% in December compared to November. Its 9.1% year-on-year sales growth, while enormous by current American standards, still fell short of expectations.

In the U.S., homeowners continue to suffer from declining home values, though the picture is gradually getting better. The national S&P/Case-Shiller home-price index fell 2.5% in the fourth quarter of 2009 compared with the year-earlier 18.2% plunge over 2007.

Still, nearly one in four U.S. homeowners with a mortgage owed more than their homes were worth at the end of 2009, according to First American CoreLogic Inc., a California real-estate information company.

While retail executives expect challenging conditions, particularly in their fiscal first quarters, some say they are hoping that Washington will take measures that put more Americans to work, and expect action before midterm elections in November.

"Hiring hasn't really kicked back in, and the fact is that home prices have not really stopped declining yet," Lowe's Cos. Chief Executive Robert Niblock said in an interview. "Congress will have to do something before having to face elections."

Some of retailers' wariness is lingering shock from the upheaval of 2008, when major chain stores were caught off guard by plummeting consumer spending.

Retailers are still managing conservatively, tightening costs and inventory levels to minimize risk, instead of pursuing rapid growth.

Few chains are adding significant stores in 2010. Home Depot plans just one new U.S. location, meaning that commercial landlords likely won't see a pickup in leasing anytime soon.

"The world has changed; it's a very different retail environment," said Madison Riley, managing director of retail consulting firm Kurt Salmon Associates. "These companies were burned big-time when the economy crashed, and while margins improved greatly in recent months, it's going to take some time before they get comfortable doubling down again."

Compounding retailers' caution is mounting evidence that consumers' frugality may be lasting. A survey by Booz & Co. released Wednesday found that the recession had reshaped consumer consumption in permanent ways. Only 18% of consumers said they planned to spend on clothing and shoes at prerecession levels in the next 12 months. Two-thirds said they would now go to other stores for lower prices, even if the stores were less convenient places for them to shop.

Jennifer McCormick, a 29-year-old hardware-store manager in Lawton, Mich., recently bought a new house with her husband, but has been putting off big purchases, including a dream $2,500 sectional couch with built-in massagers.

Although business at the store has improved, "I personally am just cautious," she said. "With everyday expenses with the baby and day care it's, 'Let's wait and see what we can afford.' "

Still, some companies saw glimmers of hope. Target, which posted its first quarterly same-store sales increase in two years, said it was seeing customers slowly return to discretionary purchases such as clothes and home furniture.

"We are very mindful of the challenging macroeconomic environment, unemployment in particular," Target Chief Financial Officer Douglas Scovanner said. "But in light of where we've been, we feel very good about where things are going."

The long-battered department-store sector began showing improvement, with **J.C. Penney** Co., **Nordstrom** Inc. and Macy's reversing some of the margin erosion that ate into their profits in 2008.

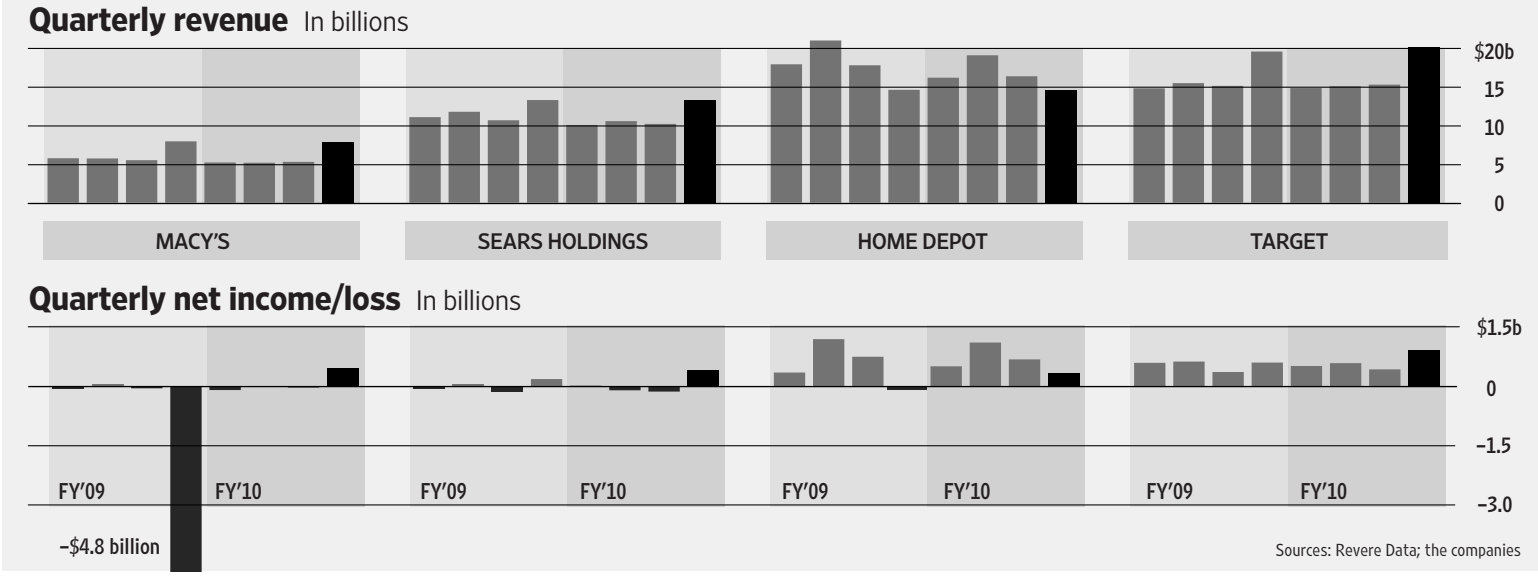
Macy's Chief Executive Terry J. Lundgren said after reporting that the company swung to a fourth-quarter profit, he expected to see home categories improve as housing slowly rebounded.

Penney executives forecast a return to low single-digit same-store sales gains in 2010 following two years of declines, but attribute the outlook to internal initiatives, such as improved merchandise selections. "We are not counting on the consumer to feel a lot better about their own situation," said Chief Executive Myron E. Ullman III.

At Nordstrom Inc., profit more than doubled in the fourth quarter, yet it forecast a modest, 2% to 4% increase in same-store sales this year. "Customers remain cautious," said Nordstrom co-president Blake Nordstrom. "Our biggest opportunity is improving our execution."

—Nick Timiraos and Brenda Cronin contributed to this article.

Retailers' profits improve from a year ago, but sales growth is flat



ATC to buy Indian cell towers

By R. Jai Krishna

NEW DELHI—**American Tower** Corp. said Wednesday its unit will buy India's Essar Telecom Infrastructure Pvt. Ltd. for about 20 billion rupees ($432 million) in cash.

The deal, between American Tower unit Transcend Infrastructure Ltd. and three companies of **Essar Group**, comes at a time when demand for passive infrastructure, such as telecom towers, is rising in India as a half-dozen new mobile-phone service providers are launching operations and existing players are expanding.

Mobile-phone operators opt to lease infrastructure from third parties to reduce costs and roll out services faster as competition intensifies in India, which is the world's fastest-growing telecom market by number of users.

The acquisition will add about 4,450 towers to American Tower's portfolio of 2,500 towers and make the U.S.-based company the second-largest independent tower firm in India.

GTL Infrastructure Ltd., which will have 32,500 towers after its recent acquisition of towers from **Aircel** Ltd. closes, is the largest.

Among telecom providers that have infrastructure in India, Indus Towers Ltd.—a joint venture among **Bharti Airtel** Ltd., **Vodafone-Essar** Ltd. and **Idea Cellular** Ltd.—has more than 100,000 towers, while **Reliance Communications** Ltd.'s unit, Reliance Infratel Ltd., has about 50,000 towers.

The pact will help American Tower's customers in enhancing their network coverage and in launching new technologies such as third-generation mobile services, Amit Sharma, executive vice president and president-Asia of American Tower, said in a joint statement issued by the company and Essar Telecom.

Essar Group has interests in steel, shipping, energy and telecommunications.

The joint statement said the companies expect the deal to be completed in about three months.

For American Tower, this is the third acquisition in India. In 2009, it bought two Indian telecom tower companies—Xcel Telecom Pvt. Ltd. for an undisclosed amount, and Transcend Infrastructure for 950 million rupees in cash.

Posco says it plans bid for control of Daewoo

By Shin Jung-Won

SEOUL—**Posco** submitted a letter of intent Wednesday to buy a controlling stake in **Daewoo International** Corp., a trading and resource development company, a Posco spokeswoman said.

An official at Daewoo International's largest shareholder, **Korea Asset Management** Corp. said multiple bidders submitted letters of intent.

Shareholders including Korea Asset Management put up for sale at least 50% plus one share of the company or as much as a 68.15%.

Based on Wednesday's closing price, the former would be valued at 1.8 trillion won ($1.55 billion) and the latter at 2.46 trillion won.

Officials at **Hanwha Group** and **LG International** Corp., which South Korean media cited as other possible bidders, said they didn't submit letters of intent.

The acquisition would help South Korea's Posco, the world's fourth-largest steelmaker by production, to use Daewoo International's global sales network to increase Posco's exports and expand its overseas investment.

Posco could also secure raw materials such as iron ore and coal in overseas mines through Daewoo International's overseas projects, analysts said.

—Kyong-Ae Choi contributed to this article.

Carlyle, Fosun set venture

Joint $100 million fund will focus on Chinese growth firms, but has global ambitions

By James T. Areddy And Joy C. Shaw

SHANGHAI—**Carlyle Group** LP will team up with Shanghai conglomerate **Fosun Group** in an alliance that potentially opens doors globally for the Chinese firm even as it gives the U.S. private-equity firm greater access to China.

Carlyle and Fosun said Wednesday they agreed to establish a $100 million jointly held private-equity fund that will be based in China and denominated in yuan. The partners said the fund is likely to make its initial investments in high-growth Chinese companies.

Perhaps more significantly, the two said, the deal would offer a platform with which they can jointly invest in other nations. "What is novel is that a Chinese privately owned company is validly saying 'we'll make investments around the world and build a global footprint,'" Carlyle co-founder David M. Rubenstein said in an interview.

Fosun founder and Chairman Guo Guangchang added, "Fosun needs to have a global vision."

The firms are betting that Mr. Guo's business may be a more politically palatable Chinese investor in countries like the U.S. compared with China's government-owned companies.

Many of those companies have faced "some backlash," Mr. Rubenstein said. He added, "There is a perception that government-owned companies do things differently than nongovernment-owned companies."

Mr. Guo said that while he has served as a Chinese lawmaker, he isn't a member of the Chinese Communist Party. "As Deng Xiaoping said, 'a group of people can get rich first,'" he said, paraphrasing the former Chinese leader. "He didn't say a group of Party members can get rich first."

The deal also offers Carlyle a new source of funds for its worldwide business at a difficult time for private equity. Global private-equity fund-raising slid 68% last year to $95.8 billion, according to Dow Jones LP Source, which described 2009 as the industry's worst year since 2003.

In China the situation was better, according to figures from Asia Private Equity Review, of Hong Kong. Private-equity investors there increased their investment 28% in the home market last year to $2.53 billion from the year earlier, even as investment from overseas companies plunged 55% to $3.03 billion.

A Carlyle spokeswoman said the firm has committed more than $2.5 billion to 40 investments there.

But the firm has faced obstacles. It failed to win government approval for a 2005 plan to spend $375 million to buy 85% of construction-equipment maker Xugong Group Construction Machinery Co.

Formal investment partnerships are unusual for Carlyle, a politically well-connected firm with a total of almost $90 billion under management.

Only five of its 65 investment funds are organized with a partner, according to a spokeswoman, including a deal announced in January with a Beijing municipal government company.

Fosun Group is one of China's largest privately held companies, with more than $10 billion in assets.

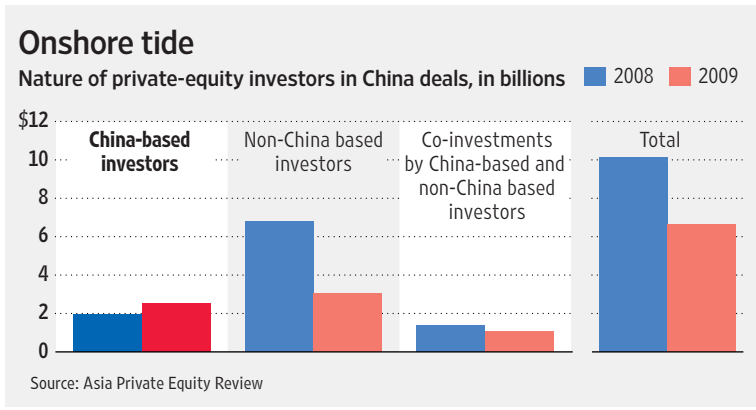
Mr. Guo, 43 years old, got his start doing research as a college student and later produced hepatitis medicine and other pharmaceuticals.

Today, his corporate stable includes Hong Kong-listed investment firm Fosun International Ltd. and pharmaceutical maker Shanghai Fosun Pharmaceutical (Group) Co.

Mr. Rubenstein said he continues to see investment opportunities in China and that the country is "extremely welcoming" of private-equity investors.

The Fosun deal is nonexclusive, he said, and, without providing specifics, added it is a way "we can invest better in China," noting that its contacts offer Carlyle a "competitive advantage."

Carlyle's biggest China commitment was about $700 million to China Pacific Life Insurance Co. and along with Fosun, it agreed last September to invest around $100 million in Chinese baby-food maker Yashili Group Co.



New rules let Korean fund tap local IPOs

By Kyong-Ae Choi

SEOUL—The board of South Korea's **National Pension Service** will allow the fund to invest in companies about to go public, paving the way for the world's fifth-largest pension fund to invest in forthcoming Korean initial public offerings.

Analysts said the rule change also will help the fund, known as NPS, move closer to its goal of investing of 16.6% of its portfolio in domestic companies, such as **Samsung Electronics** Co. and **Korea Electric Power** Corp., compared with 13% as of the end of 2009.

"With ample cash, NPS has more room to buy into shares in companies planning IPOs," such as **Korea Life Insurance Co.** and **Samsung Life Insurance** Co., Bae Sung-young at Hyundai Securities, said.

An analyst said NPS likely rushed to change its rules so it could participate in Samsung Life's offering

About 30 companies, including the two insurance companies and **Mando** Corp., an auto-parts maker, are expected to list shares on the Korea Exchange market this year, the main bourse said. The exchange didn't give the value of the deals.

NPS has 274 trillion won, or about $240 billion, under management, making it one of the world's largest.

NPS has been restricted to investments in domestic companies already listed on either the main Korea Exchange market or the tech-heavy Kosdaq market. The pension service didn't say whether the revised rules are also applicable to its overseas investments.

"NPS's participation in the IPOs of those companies as a long-term strategic investor will help cushion some of the impact resulting from a possible financial crisis after the listings," NPS spokesman Kim Hyung-dong said Wednesday.

Samsung Securities analyst Oh Hyun-seok said NPS likely rushed to change its rules to be able to acquire shares of Samsung Life, whose market capitalization is expected to be among the market's top 10.

"Lifting the ban on investing in pre-listed shares will offer a level playing field to NPS and allow it to have more diverse choices for investment," Lee Kyung-soo, an analyst at Taurus Investment & Securities, said.

NPS's decision must be approved by the Ministry for Health, Welfare and Family Affairs, which should occur within a week.

The IPO of Korea Life Insurance is scheduled for March 5 and Samsung Life Insurance is expected to list in the first half of the year.

Under its 2010 investment plan, NPS said it aims to invest 67.8% of its funds in domestic bonds, 16.6% in domestic companies, 5.1% in overseas bonds, 4.1% in overseas companies and 6.4% in other investments such as real estate.

Kim Ha-young, another NPS spokesman, said the planned investment allotments may move within a range of 5%, depending on market conditions.

—Soo-Kyung Seo contributed to this article

Swiss try to keep UBS deal on track

By Deborah Ball

ZURICH—The Swiss government will propose a special law enabling it to hand over data on U.S. tax dodgers, a move aimed at circumventing a court decision last month that blocked last year's historic tax settlement with U.S. authorities.

Bern has been seeking to rescue the agreement with the U.S. that aimed to resolve accusations that Swiss bank **UBS** AG deliberately helped thousands of U.S. taxpayers hide money from the Internal Revenue Service.

That agreement risked falling apart after a Swiss court ruled in January that the deal violated Swiss law, where tax fraud is a crime but tax evasion isn't. The court found the efforts by some UBS clients to hide from the IRS weren't serious enough to constitute tax fraud.

In response, the Swiss government will package the UBS agreement as an ad hoc law and put it up for vote by Parliament. By making the U.S. agreement law in Switzerland, Bern is hoping to lay the legal groundwork for it to hand over UBS account details in cases of tax evasion, and not just tax fraud.

The government will send the bill to Parliament by the end of March, but a vote isn't likely until June. Nonetheless, Bern expressed confidence that it could meet the deadline of handing over the details of 4,450 UBS accounts to the Americans by the end of August. Bern has yet to hand over any of the account details and will hold off on doing so until the new law is passed.

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MARKETS

Japanese stocks on road to recovery

Dai-ichi IPO comes as the market recovers from 2009 doldrums, but success could come at expense of other stocks

By Atsuko Fukase And Ayai Tomisawa

TOKYO—**Dai-ichi Mutual Life Insurance** Co.'s initial public offering—the largest global IPO in two years—comes as investors are starting to breathe life back into a stagnant Japanese equities market.

Over the past two and a half months, Tokyo has rebounded to become one of the best-performing global markets, a turnaround from its dismal state last year. This winning streak could gain further traction if Dai-chi's float of as much as $11.8 billion is a success.

But other market analysts warn that the size of the deal could prompt some investors to dump other heavyweight stocks from their portfolios to add Dai-ichi. The overall market could also turn if foreign investors go elsewhere.

Foreign investors have been net buyers of Japanese equities this year, scooping up undervalued stocks thanks to two drivers: Japan Inc. finally appears to be turning around last year's losses, and the country's economic recovery is gaining momentum.

Nomura Securities' chief strategist Seiichiro Iwasawa said investors have started to take a fresh look at Japanese equities, which have substantially outperformed the global average over the past two months. The Topix index of all the Tokyo Stock Exchange First Section issues is up 12% from Nov. 27 to Feb. 23.

"The profit growth expected to be achieved by Japanese companies in 2010-2011 is higher than that predicted for companies in any other major country," Mr. Iwasawa said in a recent report. Nomura forecasts that the combined pretax profit of listed Japanese companies in the year to March 2011 will increase 53% over the previous year as a result of cost-cutting efforts.

Dai-ichi, formed in 1902, is the first of Japan's famously stodgy and domestic life-insurance companies to demutualize and go public. Its office, near the Imperial Palace in Tokyo, served as the headquarters of the U.S. military occupation after World War II and housed General Douglas MacArthur's offices.

The insurer is held by its 8.21 million policyholders. As part of its demutualization, it will allocate stocks or cash to policyholders.

Dai-ichi is set to list on the Tokyo Stock Exchange on April 1 and has tentatively set the indicative price for the IPO at 150,000 yen ($1,663) per share, which would give it a market capitalization of about 1.5 trillion yen. The final price will be set March 19.

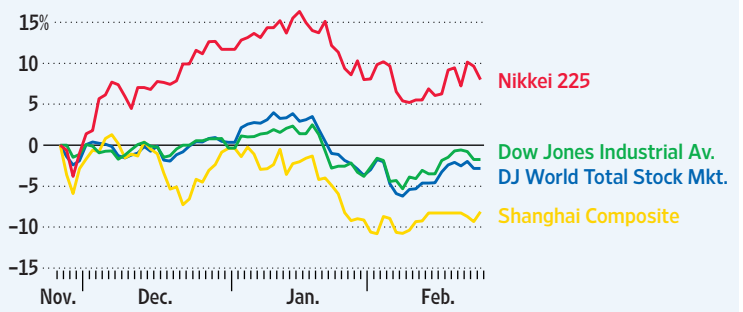
Among the 10 million shares to be issued, 7.106 million will be offered to the public. Besides selling a predetermined number of shares to firms with which it has ties, such as **Mizuho Financial Group** Inc. and **Sompo Japan Insurance** Inc., Dai-ichi will also sell 2.497 million shares abroad.

Foreign investors could snap up Dai-ichi's shares as a result of the success of other overseas insurance companies in Japan, said Masahiko Miwa, senior analyst at Moody's Investors Service. "I think their interest in Japanese life insurers is quite high," he said, noting that overseas investors are aware of growth potential in the country's medical-insurance sector as Japan's population ages. U.S. insurer Aflac Inc. generates about 70% of its global sales in Japan as the country's No. 1 seller of cancer insurance.

In Japan, the number of IPOs completed last year declined to 20 from 49 in 2008 and the dollars raised fell 53% to $603 million, according to Dealogic. This year, the number of IPOs is expected to reach 30 to 40.

Shifting up

Stock-market performance over three months



Sources: Dow Jones Indexes (DJ World Total Stock Market); Thomson Reuters Datastream

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How a Texan bagged Europe

Mark Hart III has raked in millions wagering against Greece; worries about a backlash

By Gregory Zuckerman And Tom Lauricella

A little-known hedge-fund manager in Fort Worth, Texas, has racked up hundreds of millions of dollars in profits betting on the debt crisis roiling Europe.

Rather than celebrate his two-year bet, however, Mark Hart III is lying low, as some policy makers lash out against those wagering against the debt of various countries.

Mr. Hart is one of several investors who for years have been betting on fiscal woes in Europe.

Unlike many other managers, he runs a fund dedicated to making this trade. Recently, the fund returned a chunk of profits to investors, according to people familiar with the matter.

Mr. Hart, who didn't respond to requests for comment, manages about $1 billion in his main fund, **Corriente Advisors** LLC, according to an investor.

The fund manager, 37 years old, has long held a gloomy outlook, sometimes urging investors and others to buy bars of gold and prepare for what he expects to be difficult economic times ahead, according to people who know him.

In late 2007, he was well on his way to scoring about $300 million of gains wagering on another negative bet, against risky subprime mortgages, according to a person familiar with the matter.

Sharon Corcoran

Mark Hart III, shown with wife Shannon at a 2007 charity event, bet against subprime mortgages and won big. He then turned to Europe.

Searching for the next domino to fall, Mr. Hart focused on Europe. Most countries there were paying puny interest rates to borrow money from investors.

At the time, credit-default swaps, insurance-like contracts that protect against a debt default, cost about the same to protect Greece's debt as they did to protect Germany's. That suggested that investors viewed the nations as equally unlikely to default.

That didn't seem to make sense to Mr. Hart and his team; Germany and France appeared to have less debt and better economic prospects than Greece, Portugal and Spain. Once the global economy slowed, investors would demand that Greece, Spain and other weaker nations pay more to borrow, Mr. Hart reasoned, according to investors and associates.

Corriente began buying credit-default swaps for a range of debt of European nations. Because there were few concerns at the time about the health of Greece and other nations, it cost less than $1 million annually to insure $100 million of Greek debt.

Mr. Hart also decided to join forces on the trade with Louis-Vincent Gave, a 36-year-old former lieutenant in the French army and chief executive of global investment and research firm **GaveKal Capital**, based in Hong Kong. A spokesman for GaveKal declined to comment.

They started a dedicated fund, the **European Divergence Fund** LP, to spend about $250 million in a wager against European debt. The fund's message in a presentation to investors as the financial crisis intensified in 2008: European debt is "the other shoe to drop."

Among those who flocked to the new fund and its bearish thesis: European and Asian individuals and government funds, some of whom were themselves concerned about the health of European nations, according to people familiar with the matter.

Mr. Hart urged friends who operated hedge funds to buy insurance on debt issued by Greece and other countries.

But he didn't widely publicize his stance, worried that the cost of the insurance might climb if others jumped on the same trade. He also was concerned that there might be a backlash from politicians, according to a person who works with him.

The Divergence Fund rose 92% in 2008, according to people familiar with the matter, but lost 19% last year as global markets rallied.

The fund is up nearly 20% this year, according to the people, making it among the better performing funds in 2010.

Messrs. Hart and Gave have exited some of their investments, handing back about $320 million to investors, according to people close to the matter. The move was earlier reported by Bloomberg News.

Most hedge funds charge investors a fee of 20% or so based on the rise of the value of their investments, whether or not they ultimately cash out at a profit. Corriente only takes a fee when it cashes out its trade and investors are handed back a profit.

Mr. Hart founded Corriente in 2001 after a stint at Dallas hedge fund Tarpon Advisors and sits on the board of the Michael J. Fox Foundation. A graduate of the University of Texas and the son of a prominent Fort Worth attorney, he named Corriente after a breed of cattle.

Despite returning some of the winnings, Mr. Hart still holds credit-default-swap contracts insuring the debt of European nations in various funds, according to a person familiar with the matter.

Months ago, he and Mr. Gave decided not to speak publicly about their European debt bets, according to people close to the matter.

Mr. Hart recently reminded his investors in a letter not to reveal details about the funds and their trades. Both Mr. Hart and Mr. Gave have told investors that they expect more bad news for Europe.

'Toxic' bonus yields 72% at Credit Suisse

By Katharina Bart

ZURICH—Gruel never tasted so good.

Shares in a $5 billion pool of toxic assets distributed as 2009 bonus pay for **Credit Suisse Group** investment bankers returned 72% last year, people familiar with the situation said.

Known as the Partner Asset Facility, the plan was originally billed as a way for Credit Suisse bankers to "eat their own cooking."

The pool is largely made up of commercial-mortgage-backed securities and leveraged-loan products Credit Suisse sought to unload in late 2008 as it scaled back its own risk-taking. The fund assets originally included debt of a Japanese shopping center, a mining company and a U.S. supermarket chain.

When the fund was unveiled in January 2009, Credit Suisse bankers groused about the plan, fearing the securities would register few gains. Some bankers argued that they hadn't contributed to Credit Suisse's 2008 net loss. A number of them had hoped for cash bonuses instead.

But Credit Suisse's timing now appears impeccable. The fund's 72% increase for 2009 compares with a 23.5% rise in the Standard & Poor's 500-stock index and an 18.8% gain in the Dow Jones Industrial Average. Credit Suisse shares rose 60% over 2009.

Roughly 2,000 investment bankers at the Zurich-based bank, who were told of the pool's performance on Tuesday, can't withdraw from the fund until 2014, but will receive some semiannual interest payments.

Credit Suisse management, which didn't comment, has backed the toxic-asset plan as a "thoughtful, responsible" way of addressing public and political fury over banker bonuses.

Unlike crosstown rival **UBS** AG, Credit Suisse didn't accept government funds, opting instead to replenish its capital privately.

Credit Suisse's top management won't be paid cash as bonuses for 2009, the bank said earlier this month, receiving deferred payments instead. The bank's total 2009 bonus pool is 6.85 billion Swiss francs ($6.32 billion).

Details on top-management pay are expected in March, with the publication of Credit Suisse's annual report.

The bank struck an upbeat tone for both its investment bank and its private-banking arm, which caters to wealthy clients, when it posted fourth-quarter earnings nearly two weeks ago.

Freddie Mac's loss falls; housing rebound 'fragile'

By Nick Timiraos

Freddie Mac reported a $6.5 billion net loss for the fourth quarter before making dividend payments to the government, but said that for the third straight quarter it didn't need to ask the government for more bailout cash.

The quarterly loss was driven by $7.1 billion in credit expenses as more homeowners defaulted on mortgages owned or backed by the housing-finance giant, down slightly from $7.9 billion in credit losses during the third quarter. The company wrote down $3.4 billion in low-income tax-credit investments.

While the housing market shows "some early signs of stabilization," Charles E. Haldeman Jr., the company's chief executive, warned of a "housing recovery that remains fragile, with significant downside risk posed by high unemployment and a potential large wave of foreclosures."

Freddie reported a $21.6 billion net loss for all of 2009, excluding dividends paid to the goverment, compared with a $50.1 billion net loss in 2008. In the fourth quarter of 2008, it lost $23.9 billion.

Freddie Mac and its larger rival, **Fannie Mae**, were taken over by the government through a legal process known as conservatorship nearly 18 months ago. Late last year, the Obama administration said it would cover unlimited losses over the next three years, removing a previous ceiling of $400 billion. Freddie has received about $51 billion in government infusions.

Fannie Mae, which hasn't reported fourth-quarter earnings yet, has required a $60 billion bailout so far. That number is likely to grow, the company said on Wednesday, because the government won't allow it to sell or transfer any of its low-income tax-credit investments, which don't have any value to Fannie but could lead to a net loss in tax revenues for the government if they are sold. The company said it will be forced to take a $5 billion loss as a result.

While the companies remain ailing wards of the state, they are playing a critical role in supporting the housing market and are responsible for funding nearly three-quarters of all U.S. home loans.

The companies are also responsible for executing the Obama administration's effort to modify and refinance loans for at-risk and troubled homeowners.

Freddie Mac also said it had lost $1.1 billion from investments the company made in Lehman Brothers Holdings Inc. stemming from its role as an administrator for trust-related assets.

Japanese yields ease; Portugal sells bond

A Wall Street Journal Roundup

BOND MARKETS

TOKYO—Japanese bond yields fell as traders bet that U.S. Federal Reserve Chairman Ben Bernanke would likely reiterate that the Fed won't raise its key policy rate for the time being.

The U.S. central banker testified before a U.S. House Financial Services panel well after the Japanese market closed. And, as expected, he said the central bank intended to keep interst rates low.

Japan's benchmark 10-year bond shed 0.01 percentage point to 1.32%.

The government will auction 2.6 trillion yen ($28.83 billion) of two-year notes on Thursday. The coupon will be 0.2% for the third consecutive auction, and will likely see good demand from banks, which will support the overall market, said Mitsubishi UFJ Securities strategist Katsutoshi Inadome.

Two-year notes are a good vehicle for banks to park excess funds, as yields are unlikely to rise soon, he said.

Earlier in the day, Bank of Japan Deputy Gov. Hirohide Yamaguchi indicated the central bank was ready to loosen its already-accommodative monetary policy further if economic and financial conditions deteriorate. Analysts say any easing of policy would be positive for bonds.

Among Asian borrowers, Singapore state-owned investment company **Temasek Holdings** Ltd. tapped the local bond market for the second time this month, raising a combined one billion Singapore dollars (US$709 million) in 15-year and 25-year paper.

Triple-A-rated Temasek said it priced S$500 million of a 15-year bond at par to yield 3.785%, equivalent to a premium of 0.50 percentage point above the Singapore swap offer rate. It also priced an equal amount maturing in March 2035 at par to yield 4.0475%, equivalent to a premium of 0.65 percentage points over the swap rate.

Elsewhere, a sale of €1 billion ($1.35 billion) of five-year Portuguese government bonds attracted good demand, aided by the issue's small size, despite renewed fears that Greece's debt woes could spill over to other highly indebted euro-zone countries.

Greek bonds were under heavy pressure from a general strike across the country, Tuesday's credit-downgrading of four Greek banks by Fitch Ratings and an expected sale of 10-year debt, possibly later this week. The country is under intense pressure to slash its deficits.

By contrast, the yield premium that investors demanded for holding 10-year Portuguese debt instead of German debt, the euro-zone benchmark, was virtually unchanged after the sale at 1.39 percentage point, compared with 1.38 percentage point late Tuesday.

Wednesday, the government sold a 3.35% October 2015-dated bond at an average yield of 3.498%.

Treasurys rise on Bernanke, housing data

By Min Zeng

U.S. CREDIT MARKETS

NEW YORK—Prices for Treasury debt rose following reassurance from Federal Reserve Chairman Ben Bernanke that interest rates will stay low and as U.S. new home sales unexpectedly plunged to a record low in January.

Bond prices hit session highs after Mr. Bernanke started his report on the economy and interest-rate policy before the House Financial Services Committee. Early gains were trimmed after the sale of $42 billion in five-year notes Wednesday afternoon. The auction yielded 2.395%, above the 2.379% yield on the when-issued notes before the sale, indicating the government had to pay up to find the new notes a home. The auction drew a bid-to-cover ratio of 2.75, down from 2.80 in January. The ratio over the last four auctions was 2.71.

After the sale, the two-year note was up 2/32 to yield 0.867%, the 10-year note was up 2/32 to 3.682%, and the 30-year bond added 7/32 to yield 4.621%. Bond yields move inversely to prices.

Mr. Bernanke said the economy still needs ultra-low interest rates and that last week's surprise increase in the discount rate wasn't a sign of a monetary-policy shift. He said the job market is still weak and inflation is likely to remain subdued for some time. Mr. Bernanke said he is confident the Fed has the tools necessary to tighten monetary policy, with interest on bank reserves a key tool in the Fed's strategy for moving away from the loose policies implemented during the crisis.

"Fed policy makers are concerned about the excess liquidity, but must continue the low [interest rate] policy so we don't have a 'double dip' in the economy like the 1930s," said Michael Franzese, executive vice president of bond trading at Wunderlich Securities.

Many investors were spooked by the Fed's discount-rate rise. The Fed's move initially fueled selling in short-dated Treasurys, whose yields are the most sensitive to changes in the rate outlook. Comments from policy makers over the past few days have eased the concern a bit.

FUND SCORECARD

Sector Equity Energy

Funds that invest primarily in the equities of companies that produce or refine oil and gas, oilfield services and equipment companies, and pipeline operators. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 24, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
1	**LTIF Global Energy Value**	SIA Funds AG	EUR	Luxembrg	**-1.76**	141.65	-15.28	NS
1	**CF Junior Oils Trust A**	Capita Financial Managers	GBP	United Kingdom	**-1.47**	110.46	-11.42	11.63
NS	**Awake Global Energy**	Västra Hamnen Fonder AB	SEK	Sweden	**-2.83**	96.17	-12.98	NS
2	**ODIN Offshore**	ODIN Forvaltning AS	NOK	Norway	**-0.47**	86.74	-18.01	12.67
1	**AXA WF Frm Junior Energy AC EUR**	AXA Investment Managers Paris S.A	EUR	Luxembrg	**-0.90**	82.88	-18.78	NS
NS	**Guinness Global Energy A**	Guinness Asset Management Limited	USD	Ireland	**-3.79**	78.66	NS	NS
NS	**Sextant Peak Oil A**	Amiral Gestion	EUR	France	**-1.99**	78.17	-13.24	NS
3	**Schroder ISF Global Energy A**	Schroder Investment Mgmt (Luxembourg)	USD	Luxembrg	**-3.29**	71.81	-11.92	9.24
NS	**Franklin Natural Resources A Acc $**	Franklin Templeton Investment Funds	USD	Luxembrg	**-1.90**	70.31	-11.47	NS
NS	**Sigma Energy**	Sigma Fondsforvaltning AS	NOK	Norway	**-7.29**	69.28	-17.58	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/23	EUR	48.97	-10.4	33.2	-25.6
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/23	USD	10.10	-2.6	48.3	-11.8
Am Eq Blend B	US	EQ	LUX	02/23	USD	9.47	-2.9	46.8	-12.6
Am Growth A	US	EQ	LUX	02/23	USD	29.83	-4.5	45.2	-2.2
Am Growth AX	US	EQ	LUX	02/23	USD	32.23	-4.4	46.0	-1.6
Am Growth B	US	EQ	LUX	02/23	USD	25.05	-4.6	43.7	-3.2
Am Growth C	US	EQ	LUX	02/23	USD	26.97	-4.6	44.5	-2.6
Am Growth I	US	EQ	LUX	02/23	USD	33.10	-4.4	46.3	-1.4
Am Income A	US	BD	LUX	02/23	USD	8.45	0.2	26.5	6.3
Am Income A2	US	BD	LUX	02/23	USD	19.24	1.1	27.1	6.5
Am Income A2	OT	OT	NA	02/23	HKD	149.34	1.1	27.1	6.5
Am Income AT	OT	OT	NA	02/23	HKD	65.67	1.1	27.1	6.5
Am Income AT	US	BD	LUX	02/23	USD	8.46	1.1	27.1	6.5
Am Income B	US	BD	LUX	02/23	USD	8.45	0.2	25.6	5.5
Am Income B2	US	BD	LUX	02/23	USD	16.57	1.0	26.2	5.8
Am Income B2	OT	OT	NA	02/23	HKD	128.62	1.0	26.2	5.8
Am Income BT	OT	OT	NA	02/23	HKD	65.98	0.5	25.7	5.5
Am Income BT	US	BD	LUX	02/23	USD	8.50	0.5	25.7	5.5
Am Income C	US	BD	LUX	02/23	USD	8.45	0.2	26.0	5.8
Am Income C2	US	BD	LUX	02/23	USD	24.64	1.0	26.5	6.0
Am Income I	US	BD	LUX	02/23	USD	8.45	0.2	27.3	6.9
Am Value A	US	EQ	LUX	02/23	USD	8.45	-0.9	37.0	-10.8
Am Value B	US	EQ	LUX	02/23	USD	7.76	-1.1	35.4	-11.7
Am Value C	US	EQ	LUX	02/23	USD	8.44	-1.1	36.1	-11.2
Am Value I	US	EQ	LUX	02/23	USD	9.10	-0.9	37.9	-10.1
Emg Mkts Debt A	GL	BD	LUX	02/23	USD	15.45	-0.7	45.0	7.7
Emg Mkts Debt A2	GL	BD	LUX	02/23	USD	20.16	0.2	45.8	8.0
Emg Mkts Debt AT	GL	BD	LUX	02/23	USD	15.56	-0.3	45.1	7.8
Emg Mkts Debt B	GL	BD	LUX	02/23	USD	15.45	-0.7	43.7	6.7
Emg Mkts Debt B2	GL	BD	LUX	02/23	USD	19.39	0.2	44.4	7.0
Emg Mkts Debt BT	GL	BD	LUX	02/23	USD	15.53	-0.3	43.7	6.7
Emg Mkts Debt C	GL	BD	LUX	02/23	USD	15.45	-0.7	44.4	7.2
Emg Mkts Debt C2	GL	BD	LUX	02/23	USD	19.80	0.2	45.2	7.5
Emg Mkts Debt I	GL	BD	LUX	02/23	USD	15.45	-0.7	45.6	8.2
Emg Mkts Growth A	GL	EQ	LUX	02/23	USD	32.27	-6.9	81.8	-13.9
Emg Mkts Growth B	GL	EQ	LUX	02/23	USD	27.31	-7.0	79.9	-14.8
Emg Mkts Growth C	GL	EQ	LUX	02/23	USD	27.95	-7.0	80.9	-14.3
Emg Mkts Growth I	GL	EQ	LUX	02/23	USD	35.82	-6.7	83.2	-13.2
Eur Growth A	OT	OT	LUX	02/23	USD	9.36	-1.4	35.9	-14.0
Eur Growth A	OT	OT	LUX	02/23	EUR	6.93	-1.4	35.9	-14.0
Eur Growth B	OT	OT	LUX	02/23	EUR	6.22	-1.6	34.6	-14.9
Eur Growth B	OT	OT	LUX	02/23	USD	8.40	-1.6	34.6	-14.9
Eur Growth C	EU	EQ	LUX	02/23	EUR	5.24	-1.7	35.1	-14.5
Eur Growth I	OT	OT	LUX	02/23	USD	10.21	-1.4	37.0	-13.4
Eur Growth I	OT	OT	LUX	02/23	EUR	7.56	-1.4	37.0	-13.4
Eur Income A	OT	OT	LUX	02/23	EUR	6.68	1.2	43.9	6.5
Eur Income A	OT	OT	LUX	02/23	USD	9.02	1.2	43.9	6.5
Eur Income A2	OT	OT	LUX	02/23	EUR	13.15	2.2	44.5	6.8
Eur Income A2	OT	OT	LUX	02/23	USD	17.77	2.2	44.5	6.8
Eur Income AT	EU	BD	LUX	02/23	EUR	6.70	2.3	44.5	6.9
Eur Income B	OT	OT	LUX	02/23	EUR	6.68	1.2	43.1	5.9
Eur Income B	OT	OT	LUX	02/23	USD	9.02	1.2	43.1	5.9
Eur Income B2	OT	OT	LUX	02/23	EUR	12.22	2.1	43.4	6.1
Eur Income B2	OT	OT	LUX	02/23	USD	16.51	2.1	43.4	6.1
Eur Income BT	EU	BD	LUX	02/23	EUR	6.70	1.7	43.0	5.9
Eur Income C	OT	OT	LUX	02/23	EUR	6.68	1.2	43.4	6.1
Eur Income C	OT	OT	LUX	02/23	USD	9.02	1.2	43.4	6.1
Eur Income C2	OT	OT	LUX	02/23	USD	13.10	2.1	43.8	6.4
Eur Income C2	OT	OT	LUX	02/23	USD	17.70	2.1	43.8	6.4
Eur Income I	OT	OT	LUX	02/23	EUR	6.68	1.2	44.5	7.1
Eur Income I	OT	OT	LUX	02/23	USD	9.02	1.2	44.5	7.1
Eur Strat Value A	OT	OT	LUX	02/23	EUR	8.27	-3.0	42.6	-18.0
Eur Strat Value A	OT	OT	LUX	02/23	USD	11.17	-3.0	42.6	-18.0
Eur Strat Value I	OT	OT	LUX	02/23	EUR	8.48	-3.0	43.7	-17.3
Eur Strat Value I	OT	OT	LUX	02/23	USD	11.46	-3.0	43.7	-17.3
Eur Value A	OT	OT	LUX	02/23	EUR	8.88	-3.5	45.6	-14.5
Eur Value A	OT	OT	LUX	02/23	USD	12.00	-3.5	45.6	-14.5
Eur Value B	OT	OT	LUX	02/23	USD	11.01	-3.7	44.0	-15.4
Eur Value B	OT	OT	LUX	02/23	EUR	8.15	-3.7	44.0	-15.4
Eur Value C	OT	OT	LUX	02/23	USD	11.59	-3.5	44.9	-14.9
Eur Value C	OT	OT	LUX	02/23	EUR	8.58	-3.5	44.9	-14.9
Eur Value I	OT	OT	LUX	02/23	USD	13.87	-3.3	46.9	-13.8
Eur Value I	OT	OT	LUX	02/23	EUR	10.27	-3.3	46.9	-13.8
Gl Balanced (Euro) A	OT	OT	LUX	02/23	USD	15.37	-0.8	32.3	-8.9
Gl Balanced (Euro) B	OT	OT	LUX	02/23	USD	14.96	-0.9	31.0	-9.8
Gl Balanced (Euro) C	OT	OT	LUX	02/23	USD	15.25	-0.8	32.0	-9.2
Gl Balanced (Euro) I	OT	OT	LUX	02/23	USD	15.67	-0.7	NS	NS
Gl Balanced A	US	BA	LUX	02/23	USD	16.04	-2.7	36.6	-9.4
Gl Balanced B	US	BA	LUX	02/23	USD	15.23	-2.8	35.3	-10.3
Gl Balanced C	OT	OT	LUX	02/23	USD	15.79	-2.8	36.2	-9.7
Gl Balanced C	OT	OT	LUX	02/23	EUR	11.69	-2.8	36.2	-9.7
Gl Balanced I	US	BA	LUX	02/23	USD	16.65	-2.6	37.6	-8.8
Gl Bond A	US	BD	LUX	02/23	USD	9.34	1.1	15.6	5.0
Gl Bond A2	US	BD	LUX	02/23	USD	16.29	1.7	16.0	5.2
Gl Bond A2	OT	OT	NA	02/23	HKD	126.44	1.7	16.0	5.2
Gl Bond AT	OT	OT	LUX	02/23	HKD	72.58	1.4	15.6	5.0
Gl Bond AT	US	BD	LUX	02/23	USD	9.35	1.4	15.6	5.0
Gl Bond B	US	BD	LUX	02/23	USD	9.34	1.1	14.5	4.0
Gl Bond B2	US	BD	LUX	02/23	USD	14.24	1.6	14.8	4.1
Gl Bond B2	OT	OT	NA	02/23	HKD	110.53	1.6	14.8	4.1
Gl Bond BT	OT	OT	LUX	02/23	HKD	72.81	1.3	14.5	3.9
Gl Bond BT	US	BD	LUX	02/23	USD	9.38	1.3	14.5	3.9
Gl Bond C	US	BD	LUX	02/23	USD	9.34	1.1	15.1	4.5
Gl Bond C2	US	BD	LUX	02/23	USD	14.12	1.7	15.5	4.7
Gl Bond I	US	BD	LUX	02/23	USD	9.34	1.1	16.1	5.6
Gl Conservative A	US	BA	LUX	02/23	USD	14.76	-0.7	22.6	-3.2
Gl Conservative A2	US	BA	LUX	02/23	USD	16.81	-0.7	22.7	-3.2
Gl Conservative B	US	BA	LUX	02/23	USD	14.73	-0.9	21.4	-4.2
Gl Conservative B2	US	BA	LUX	02/23	USD	15.95	-0.9	21.5	-4.2
Gl Conservative C	US	BA	LUX	02/23	USD	14.74	-0.8	22.1	-3.7
Gl Conservative C2	US	BA	LUX	02/23	USD	16.43	-0.8	22.2	-3.7
Gl Conservative I	US	BA	LUX	02/23	USD	14.85	-0.6	23.7	-2.5
Gl Eq Blend A	GL	EQ	LUX	02/23	USD	11.01	-5.6	51.0	-19.5
Gl Eq Blend B	GL	EQ	LUX	02/23	USD	10.32	-5.8	49.6	-20.3
Gl Eq Blend C	GL	EQ	LUX	02/23	USD	10.81	-5.7	50.3	-19.9
Gl Eq Blend I	GL	EQ	LUX	02/23	USD	11.63	-5.4	52.4	-18.8
Gl Growth A	GL	EQ	LUX	02/23	USD	39.79	-5.1	45.2	-19.9
Gl Growth B	GL	EQ	LUX	02/23	USD	33.17	-5.2	43.8	-20.7
Gl Growth C	GL	EQ	LUX	02/23	USD	38.16	-5.1	44.5	-20.3
Gl Growth I	GL	EQ	LUX	02/23	USD	44.23	-4.9	46.4	-19.3
Gl High Yield A	US	BD	LUX	02/23	USD	4.33	0.0	60.2	6.1
Gl High Yield A2	US	BD	LUX	02/23	USD	9.38	1.3	60.9	6.4
Gl High Yield A2	OT	OT	NA	02/23	HKD	72.81	1.3	60.9	6.4
Gl High Yield AT	OT	OT	NA	02/23	HKD	33.45	1.4	61.0	6.4
Gl High Yield AT	US	BD	LUX	02/23	USD	4.31	1.4	61.0	6.4
Gl High Yield B	US	BD	LUX	02/23	USD	4.33	0.0	58.3	4.9
Gl High Yield B2	US	BD	LUX	02/23	USD	15.06	1.2	59.4	5.4
Gl High Yield B2	OT	OT	NA	02/23	HKD	116.90	1.2	59.4	5.4
Gl High Yield BT	OT	OT	NA	02/23	HKD	34.00	0.5	58.5	5.1
Gl High Yield BT	US	BD	LUX	02/23	USD	4.38	0.5	58.5	5.1
Gl High Yield C	US	BD	LUX	02/23	USD	4.33	0.0	59.4	5.6
Gl High Yield C2	US	BD	LUX	02/23	USD	13.90	1.3	60.1	6.0
Gl High Yield I	US	BD	LUX	02/23	USD	4.33	0.0	61.2	6.8
Gl Thematic Res. A	OT	OT	LUX	02/23	USD	14.06	-4.5	79.6	-2.5
Gl Thematic Res. B	OT	OT	LUX	02/23	USD	12.28	-4.7	77.7	-3.5
Gl Thematic Res. I	OT	OT	LUX	02/23	USD	15.70	-4.4	80.9	-1.7
Gl Value A	GL	EQ	LUX	02/23	USD	10.46	-6.1	57.5	-19.1
Gl Value B	GL	EQ	LUX	02/23	USD	9.60	-6.3	56.1	-19.9
Gl Value C	GL	EQ	LUX	02/23	USD	10.16	-6.2	56.8	-19.4
Gl Value I	GL	EQ	LUX	02/23	USD	11.14	-6.0	58.7	-18.4
Greater China A	AS	EQ	LUX	02/23	USD	37.12	-7.3	58.4	-13.2
Greater China B	AS	EQ	LUX	02/23	USD	32.80	-7.4	56.8	-14.1
Greater China C	AS	EQ	LUX	02/23	USD	36.63	-7.3	57.6	-13.6
India Growth A	OT	OT	LUX	02/23	USD	121.44	-4.3	NS	NS
India Growth AX	OT	OT	LUX	02/23	USD	106.19	-4.3	95.2	-4.9
India Growth B	OT	OT	LUX	02/23	USD	127.03	-4.5	NS	NS
India Growth BX	OT	OT	LUX	02/23	USD	90.64	-4.4	93.3	-5.9
India Growth I	EA	EQ	LUX	02/23	USD	110.13	-4.2	96.1	-4.6
Int'l Health Care A	OT	EQ	LUX	02/23	USD	137.21	-0.2	22.8	-5.6
Int'l Health Care B	OT	EQ	LUX	02/23	USD	115.56	-0.3	21.6	-6.5
Int'l Health Care C	OT	EQ	LUX	02/23	USD	131.41	-0.3	22.3	-6.0
Int'l Health Care I	OT	EQ	LUX	02/23	USD	150.09	-0.1	23.8	-4.8
Int'l Technology A	OT	EQ	LUX	02/23	USD	104.45	-5.4	63.5	-6.1
Int'l Technology B	OT	EQ	LUX	02/23	USD	90.37	-5.5	61.8	-7.0
Int'l Technology C	OT	EQ	LUX	02/23	USD	100.87	-5.4	62.7	-6.5
Int'l Technology I	OT	EQ	LUX	02/23	USD	117.25	-5.2	64.8	-5.3
Japan Eq Blend A	JP	EQ	LUX	02/23	JPY	5958.00	-1.1	37.4	-18.9
Japan Eq Blend B	JP	EQ	LUX	02/23	JPY	5741.00	-1.2	36.0	-19.7
Japan Eq Blend C	JP	EQ	LUX	02/23	JPY	5859.00	-1.1	36.8	-19.3
Japan Growth A	JP	EQ	LUX	02/23	JPY	5661.00	-3.6	24.0	-20.3
Japan Growth B	JP	EQ	LUX	02/23	JPY	5455.00	-3.8	22.8	-21.1
Japan Growth C	JP	EQ	LUX	02/23	JPY	5567.00	-3.7	23.5	-20.6
Japan Strat Value A	JP	EQ	LUX	02/23	JPY	6216.00	1.6	51.1	-17.9
Japan Strat Value B	JP	EQ	LUX	02/23	JPY	5995.00	1.4	49.5	-18.8
Japan Strat Value C	JP	EQ	LUX	02/23	JPY	6107.00	1.5	50.3	-18.3
Real Estate Sec. A	OT	EQ	LUX	02/23	USD	13.71	-4.5	76.7	-13.8
Real Estate Sec. B	OT	EQ	LUX	02/23	USD	12.51	-4.6	74.7	-14.7
Real Estate Sec. I	OT	EQ	LUX	02/23	USD	14.75	-4.3	77.9	-13.1
Short Mat Dollar A	US	BD	LUX	02/23	USD	7.27	0.0	14.2	-4.4
Short Mat Dollar A2	US	BD	LUX	02/23	USD	9.84	0.5	14.3	-4.3
Short Mat Dollar AT	US	BD	LUX	02/23	USD	7.27	0.3	14.0	-4.5
Short Mat Dollar B	US	BD	LUX	02/23	USD	7.27	0.0	13.7	-4.8
Short Mat Dollar B2	US	BD	LUX	02/23	USD	9.79	0.5	13.8	-4.7
Short Mat Dollar BT	OT	OT	LUX	02/23	USD	7.28	0.1	NS	-5.1
Short Mat Dollar C	US	BD	LUX	02/23	USD	7.27	0.0	13.7	-4.8
Short Mat Dollar C2	US	BD	LUX	02/23	USD	13.84	0.5	13.9	-4.7
Short Mat Dollar I	US	BD	LUX	02/23	USD	7.27	0.0	14.7	-3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/23	USD	101.29	1.3	23.1	19.9
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
*Closed for New Investments									
Superfund Cayman*	OT	OT	CYM	02/16	USD	33.82	-17.1	-59.4	-14.9
Superfund GCT USD*	GL	EQ	LUX	02/16	USD	1886.00	-14.1	-48.6	-11.1
Superfund Green Gold A (SPC)	OT	OT	CYM	02/16	USD	888.59	-7.9	-26.0	-2.5
Superfund Green Gold B (SPC)	OT	OT	CYM	02/16	USD	814.96	-12.9	-41.6	-9.4
Superfund Q-AG*	OT	OT	AUT	02/16	EUR	6016.00	-9.1	NS	-3.0
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	01/29	EUR	191.46	-2.7	-8.1	4.3
Winton Futures GBP Cls D	OT	OT	VGB	01/29	GBP	207.19	-2.7	-7.6	5.2
Winton Futures JPY Cls E	OT	OT	VGB	01/29	JPY	13526.58	-2.6	-9.3	2.0
Winton Futures USD Cls B	OT	OT	VGB	01/29	USD	680.91	-2.6	-8.1	4.0
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/24	EUR	49.07	-4.9	48.9	-7.5
Industria AE	EU	EQ	DEU	02/24	EUR	71.16	-0.1	40.6	-12.3
InternRent AE	EU	BD	DEU	02/24	EUR	37.50	5.3	3.9	10.6
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/19	USD	285882.54	4.1	115.1	10.7

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Bernanke boosts banks; Europe creeps higher

By Kristina Peterson

NEW YORK—U.S. stocks climbed as U.S. Federal Reserve Chairman Ben Bernanke's Congressional testimony reassured investors that interest rates would remain low.

The Dow Jones Industrial Average rose 81.93 points, or 0.8%, to 10364.34 in midday trading.

The index's financial components surged after Mr. Bernanke wrapped up his opening remarks, where he reiterated keeping interest rates low for several months at least.

ABREAST OF THE MARKET

Bank of America and **J.P. Morgan Chase** both climbed 1.9%, and **American Express** was up 1.4%.

The Nasdaq Composite rose 1% to 2234.8. The Standard & Poor's 500-share index climbed 0.8% to 1102.99.

Market watchers said the central bank's intention to keep interest rates low means banks can continue to profit from steep yield curves, the difference between short-term and long-term interest rates on government bonds.

Nick Kalivas, vice president of MF Global, said the market appeared to be relieved after Mr. Bernanke said that last week's increase in the discount rate was part of the process of normalizing the economy after the extraordinary measures taken during the financial crisis, but that interest rates would move up only gradually.

The market dipped early after the Commerce Department reported that new-home sales skidded 11.2% in January from December. Economists had expected a rise of 3.8%.

The data pushed down **Toll Brothers** 1.2%. The builder of luxury homes reported a narrowing loss as the company's chief executive said the housing market is in "choppy waters, but the seas are getting calmer."

American depositary shares of **Toyota** Motor were recently up 3.3%, as executives faced questions in Washington over their recent recalls. U.S. Transportation Secretary Ray LaHood said the recalled vehicles were "not safe."

European stocks

European shares edged higher as banks generally firmed.

The pan-European Dow Jones Stoxx 600 index edged up 0.2% to 247.22.

Among national indexes, the German DAX index firmed 0.2% to 5615.51 and the French CAC-40 index added 0.2% to 3715.68. The U.K. FTSE 100 index rose 0.5% to 5342.92.

Basilea Pharmaceutica jumped 9.1% after the Basel drug maker said it had partnered with Japan's Astellas Pharma to market the Swiss company's isavuconazole antifungal, which is in Phase III clinical development to treat life-threatening invasive fungal infections.

Fresenius Medical Care gained 4.3%, as net profit rose 9% and it raised its 2009 dividend by 5%.

Dollar weakens as Bernanke sees low rates

By Don Curren

TORONTO—The dollar retreated against the euro and the yen after testimony from Federal Reserve Chairman Ben Bernanke pointed to continued low interest rates.

Reaction to Mr. Bernanke's remarks intensified as his testimony before the House Financial Services Committee progressed on Wednesday, pushing the euro to a session high at $1.3625 and the dollar to a session low of 89.7 against the yen.

CURRENCY MARKETS

"It's trading off Bernanke's comments," said C.J. Gavsie, managing director, corporate and institutional foreign exchange sales, at BMO Capital Markets in Toronto. "It's all about the interest rate [outlook] as far as how soon rates will be on the move, and the market adjusting to Bernanke's comments."

In midday trade Wednesday, the euro was at $1.3617 from $1.3500 and at 122.42 yen from 121.74 yen late Tuesday. The dollar was at 89.93 yen from 90.18 yen and at 1.0748 Swiss francs from 1.0846 francs, while the pound was at $1.5450 from $1.5406.

Mr. Bernanke said the U.S. needs low interest rates for several months, at least, because the recovery from its deep recession is expected to be slow. The Fed chief also said the U.S. central bank is actively looking at what tools to use once the economy will need higher rates.

Tokyo shares decline; Shanghai rebounds

By Colin Ng And Leslie Shaffer

Japanese shares declined Wednesday as exporters fell throughout the region on worries about the strength of the U.S. consumer and as falling commodity prices hit resource shares.

Japan's Nikkei Stock Average of 225 companies fell 1.5% to 10198.83. Australia's S&P/ASX 200 also gave up 1.5% to 4648.52, its biggest drop in more than two weeks.

ASIAN-PACIFIC STOCKS

South Korea's Kospi shed 1% to 1612.83 and Hong Kong's Hang Seng Index declined 0.8% to 20467.74.

China's Shanghai Composite rebounded 1.3% to 3022.18, its largest one-day gain in three weeks, as investors snapped up banking, airline and metals stocks. It has risen for five of the last seven sessions.

Broad losses across the region came after weaker-than-expected U.S. February consumer-confidence data released Tuesday, which eroded expectations for sustainable consumer spending and an economic recovery in the U.S.

Traders were looking forward to comments from Federal Reserve Chairman Ben Bernanke after Asian markets closed, and U.S. durable-goods and gross-domestic-product data later this week.

Exporters suffered losses regionwide, with Japanese exporters also weighed down by the yen's recent strength. **Samsung Electronics** dropped 2% and **LG Electronics** skidded 3.5% in Seoul, with **Sony** dropping 2.5% and **Canon** down 2.8% in Tokyo.

Hyundai Motor dropped 2.6% in Seoul after the firm said it would briefly stop selling the new version of its Sonata sedan in the U.S. to fix a faulty door latch.

Resources stocks suffered broad falls after the U.S. economic data, which also lifted the U.S. dollar and hurt commodity prices.

BHP Billiton shed 2.9% and **Rio Tinto** lost 3.2% in Sydney, with the Hong Kong-listed shares of **Jiangxi Copper** and **Aluminum Corp. of China** dropping 1.1% and 1.5%, respectively. Shanghai-listed shares of Jiangxi and Aluminum Corp. rose 1.5% and 1.2%, respectively, while trading house **Mitsubishi Corp.** fell 1.9% in Tokyo.

Energy stocks also took a hit as oil prices dropped Tuesday, with **Santos** falling 3.7% in Sydney and **Cnooc** losing 1.6% in Hong Kong.

Some property stocks advanced in Hong Kong, despite a proposal by Hong Kong Financial Secretary John Tsang in his annual budget to increase a levy on luxury property transactions in the city.

Sun Hung Kai Properties added 1.5% and **Sino Land** gained 1%.

Port and rail operator **Asciano Group** climbed 4.5% after swinging to a first-half net profit from a loss a year earlier and saying it expects full-year earnings to come in around the top of previous guidance.

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GAM

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/12	USD	1286.73	3.5	25.3	-6.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/22	JPY	13876.22	-10.7	54.2	-0.2
GAM Asia Equity Hedge US	OT	OT	VGB	02/22	USD	259.33	-10.7	58.9	1.1
GAM Asia Equity USD	OT	OT	VGB	02/23	USD	610.95	-6.6	67.7	-10.5
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/23	USD	1286.20	0.3	37.4	-12.3
GAM Com Glb Bal EUR Op	US	BA	VGB	02/15	EUR	95.23	-1.7	15.1	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/15	USD	125.64	-1.7	15.1	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/15	EUR	96.36	-4.2	21.3	-12.7
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/15	USD	122.14	-4.2	21.3	-12.7
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/15	EUR	85.89	-3.1	15.3	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/15	USD	123.12	-3.1	15.3	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/19	USD	244.55	-1.6	39.9	-7.6
GAM Cross Trading Inc	OT	OT	VGB	02/15	USD	462.48	-0.7	4.5	NS
GAM Diversity CHF Op	OT	OT	VGB	02/15	CHF	93.89	-0.4	3.4	-6.1
GAM Diversity EUR Op	OT	OT	VGB	02/15	EUR	645.98	-0.4	4.0	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	02/15	USD	77.37	-1.2	7.5	-18.1
GAM Diversity USD Op	OT	OT	VGB	02/15	USD	678.55	-0.4	4.2	-5.4
GAM Dvrsty II CHF Op	OT	OT	VGB	02/15	CHF	99.05	-0.5	2.8	-6.0
GAM Dvrsty II EUR Op	OT	OT	VGB	02/15	EUR	138.21	-0.4	3.2	-4.7
GAM Dvrsty II USD Op	OT	OT	VGB	02/15	USD	209.36	-0.4	3.4	-5.3
GAM DvrstyIII EUR Op	OT	OT	VGB	02/15	EUR	115.07	-0.4	3.1	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	02/15	USD	121.52	-0.4	3.4	-5.0
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/22	EUR	219.31	0.2	14.1	-2.5
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/22	USD	203.55	0.1	12.2	-1.0
GAM European Equity USD	OT	OT	VGB	02/22	USD	273.05	-6.9	39.5	-12.0
GAM GAMCO	OT	EQ	VGB	02/16	USD	797.81	-1.6	47.5	-8.3
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/22	EUR	97.26	-0.6	11.7	-15.8
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/22	USD	102.72	-0.4	12.4	-15.0
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/22	USD	249.73	0.0	36.1	-5.0
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/22	USD	255.01	-11.1	84.1	18.8
GAM Intrst Trend II	GL	BD	VGB	02/15	USD	103.47	9.9	63.3	-4.3
GAM Intrst Trend Inc	OT	OT	VGB	02/22	USD	277.96	10.5	86.5	-1.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/22	EUR	122.73	5.2	16.1	-1.2
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/22	USD	126.17	3.4	20.1	-14.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/22	JPY	8688.67	3.4	27.1	-13.7
GAM Japan USD	JP	EQ	VGB	02/23	USD	1137.44	3.1	36.7	-11.6
GAM Japan YEN	JP	EQ	VGB	02/23	JPY	8989.08	1.9	35.3	-17.4
GAM Money Mkt EuroOp	EU	MM	VGB	02/22	EUR	51.16	0.1	0.2	1.4
GAM Money Mkt USD	US	MM	VGB	02/22	USD	100.02	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/15	EUR	112.39	1.1	1.0	-8.2
GAM Multi-Arb USD Op	OT	OT	VGB	02/15	USD	117.26	1.0	1.2	-8.6
GAM Multi-China EUR Op	OT	OT	VGB	02/15	EUR	160.39	-4.5	6.9	-6.1
GAM Multi-China USD Op	OT	OT	VGB	02/15	USD	169.03	-4.3	7.8	-6.7
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/15	GBP	128.79	-2.1	22.9	-0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/15	USD	637.69	-2.0	23.0	-1.0
GAM Multi-Eur EUR Op	OT	OT	VGB	02/15	EUR	264.04	-1.8	3.8	-7.2
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/15	EUR	135.86	-1.8	3.8	-7.2
GAM Multi-Eur II USD Op	OT	OT	VGB	02/15	USD	111.13	-1.7	3.7	-8.2
GAM Multi-Eur USD Op	OT	OT	VGB	02/15	USD	459.59	-1.7	3.7	-8.1
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/15	EUR	133.73	-0.2	8.6	-1.8
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/15	USD	217.57	-0.3	8.9	-2.0
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/15	EUR	139.69	-2.6	1.4	-3.1
GAM Multi-Pac USD Op	OT	OT	VGB	02/15	USD	161.37	-2.4	1.8	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/12	USD	2650.31	0.5	55.3	11.2
GAM Sing/Malaysia	AS	EQ	VGB	02/23	USD	2421.52	-4.1	62.1	-8.6
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/15	GBP	238.27	3.6	47.6	6.3
GAM Trading EUR Inc	OT	OT	VGB	02/15	EUR	322.64	-0.8	4.1	4.3
GAM Trading USD Inc	OT	OT	VGB	02/15	USD	966.04	-0.7	4.5	3.6
GAM Trdg II IncEUR Op	OT	OT	VGB	02/15	EUR	138.01	-0.8	4.0	4.2
GAM Trdg II IncUSD Op	OT	OT	VGB	02/15	USD	313.68	-0.7	4.5	3.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/15	EUR	145.60	-0.8	3.8	3.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/15	USD	153.35	-0.8	4.3	3.5
GAM Trdg V IncEUR Op	OT	OT	VGB	02/15	EUR	123.43	-0.8	3.8	3.8
GAM Trdg V IncUSD Op	OT	OT	VGB	02/15	USD	128.66	-0.7	4.3	3.4
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/15	EUR	155.67	-0.9	3.9	3.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/15	USD	161.30	-0.7	4.3	3.5
GAM USDSpecBondInc	US	BD	VGB	02/15	USD	554.93	4.7	83.6	9.4
GAM Worldwide	GL	EQ	VGB	02/22	USD	2124.59	-4.5	44.3	-9.2
GAMut Investments	OT	OT	VGB	02/17	USD	7645.54	0.9	2.2	7.0

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/22	CHF	10.64	-3.6	55.7	-11.3
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/22	EUR	11.65	-2.2	60.2	-6.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/22	GBP	1.52	-3.1	58.3	1.4
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/22	USD	12.45	-7.2	70.1	-9.8
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/22	EUR	105.11	3.9	34.7	-7.4
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/22	EUR	101.73	3.9	34.7	-7.4
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/22	EUR	10.79	-1.8	35.0	-5.7
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/22	EUR	180.03	-1.7	33.6	-8.2
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/22	EUR	164.50	-1.7	33.5	-8.2
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/22	USD	14.93	-6.7	41.5	-11.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/22	USD	13.54	-6.7	41.5	-11.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/22	USD	5.59	1.9	42.0	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/22	EUR	92.79	5.5	28.6	-6.4
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/22	EUR	92.79	5.5	28.6	-6.4
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/22	JPY	937.93	1.8	33.4	-17.1
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/22	USD	11.41	2.7	32.5	-11.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/22	USD	2139.48	-4.4	45.3	-8.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
American Growth	US	EQ	LUX	02/24	USD	14.88	-1.3	40.2	-9.3
American Growth AA	US	EQ	LUX	02/24	USD	0.86	-1.3	39.8	-6.8
Asian Equity	AS	EQ	LUX	02/24	USD	2.31	-5.2	71.3	-8.3
Asian Equity AA	AS	EQ	LUX	02/24	USD	0.74	-5.2	70.7	-8.6
Asian Sm Cap Equity AA	AS	EQ	LUX	02/24	USD	1.12	-2.4	99.7	-2.0
China Value A	AS	EQ	LUX	02/24	USD	6.57	-7.6	59.1	-5.2
China Value AA	AS	EQ	LUX	02/24	USD	2.07	-7.6	58.7	-5.4
Dragon Growth	AS	EQ	LUX	02/24	USD	1.54	-6.0	61.2	-6.5
Dragon Growth AA	OT	OT	LUX	02/24	HKD	7.48	-5.9	60.9	-7.4
Emg Eastrn Europe A	EU	EQ	LUX	02/24	USD	4.39	-3.2	128.3	-16.2
Emg Eastrn Europe AA	EU	EQ	LUX	02/24	USD	1.89	-3.3	127.9	-16.4
European Growth	EU	EQ	LUX	02/24	USD	8.47	-7.1	58.4	-16.3
European Growth AA	EU	EQ	LUX	02/24	USD	0.60	-7.1	58.0	-16.5
Global Contrarain AA	GL	EQ	LUX	02/24	USD	0.91	3.4	122.0	NS
Global Property AA	OT	EQ	LUX	02/24	USD	0.65	-2.6	80.7	-12.0
Global Resources AA	OT	EQ	LUX	02/24	USD	1.02	-3.7	46.3	-15.5
Healthcare AA	OT	EQ	LUX	02/24	USD	0.94	0.0	18.2	NS
India Equity AA	EA	EQ	LUX	02/24	USD	1.02	-7.0	82.7	-13.2
International Growth	GL	EQ	LUX	02/24	USD	2.94	-2.6	36.9	-13.4
International Growth AA	GL	EQ	LUX	02/24	USD	0.68	-2.6	36.6	-13.6
Japanese Growth	JP	EQ	LUX	02/24	USD	2.74	0.2	31.8	-10.5
Japanese Growth AA	JP	EQ	LUX	02/24	USD	0.72	0.8	32.3	-10.4
Latin America Equity AA	GL	EQ	LUX	02/24	USD	1.20	-4.9	105.8	-7.1
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/24	USD	1.01	1.1	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/24	USD	1.11	-2.0	NS	NS
Russia Equity AA	EE	EQ	LUX	02/24	USD	0.65	5.4	159.8	-20.0
Taiwan Equity AA	AS	EQ	LUX	02/23	USD	0.99	-8.7	83.6	-2.6
Turkey Equity AA	EE	EQ	LUX	02/24	USD	0.72	-2.9	147.0	-5.0
U.S. Bond AA	US	BD	LUX	02/24	USD	1.13	1.5	18.1	8.1
U.S. Sm Cap Equity AA	US	EQ	LUX	02/24	USD	0.86	6.3	86.1	-6.4
U.S. Special Opportunities	OT	OT	LUX	02/24	USD	0.87	7.6	106.2	7.1
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/24	USD	1.14	-0.2	7.9	1.5

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Indonesian Grth Fund	EA	EQ	CYM	02/17	USD	130.72	2.6	136.6	-0.2

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Asia Value Formula Fd-B	AS	EQ	CYM	02/23	USD	7.86	-2.0	98.0	-3.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Bonds Eur Hi Yld A	OT	OT	LUX	02/22	EUR	21.14	2.7	53.7	5.2
Bonds EURO A	OT	OT	LUX	02/22	EUR	41.31	0.6	4.4	4.7
Bonds EUROPE A	OT	OT	LUX	02/23	EUR	39.54	1.1	3.3	4.4
Bonds US OppsCoreplus A	OT	OT	LUX	02/22	USD	37.25	1.0	14.5	8.3
Bonds World A	OT	OT	LUX	02/23	USD	41.45	-1.3	10.1	3.8
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/23	USD	9.88	-5.2	74.2	-9.0
Eq. China A	AS	EQ	LUX	02/23	USD	21.92	-9.2	57.3	-10.6
Eq. Concentrated Euroland A	OT	OT	LUX	02/23	EUR	87.44	-5.9	30.5	-16.0
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/23	EUR	25.91	-4.1	41.8	-14.3
Eq. Emerging Europe A	OT	OT	LUX	02/23	EUR	24.04	2.1	112.8	-21.5
Eq. Euroland A	EU	EQ	LUX	02/23	EUR	10.21	-5.7	33.8	-16.5
Eq. Euroland Small Cap A	OT	OT	LUX	02/23	EUR	139.36	-1.3	47.3	-8.1
Eq. EurolandCyclclsA	EU	EQ	LUX	02/23	EUR	17.44	-2.0	40.9	-11.7
Eq. EurolandFinancialA	OT	EQ	LUX	02/23	EUR	10.12	-10.5	70.3	-19.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/23	USD	8.75	-9.7	64.7	-16.8
Eq. Global A	GL	EQ	LUX	02/23	USD	27.10	-2.7	52.5	-10.8
Eq. Global Energy A	OT	EQ	LUX	02/23	USD	17.19	-5.2	38.5	-15.6
Eq. Global Resources A	OT	OT	LUX	02/23	USD	102.69	-6.0	51.0	-15.1
Eq. Gold Mines A	OT	EQ	LUX	02/23	USD	28.03	-7.5	27.2	-8.1
Eq. India A	OT	OT	LUX	02/23	USD	122.03	-6.7	83.0	-13.3
Eq. Japan CoreAlpha A	OT	OT	LUX	02/23	JPY	7484.97	3.2	44.2	-7.3
Eq. Latin America A	OT	OT	LUX	02/22	USD	110.18	-5.2	87.9	-12.7
Eq. US Lg Cap Gr A	US	EQ	LUX	02/23	USD	14.67	-3.8	45.1	-10.6
Eq. US Rel Val A	US	EQ	LUX	02/23	USD	20.18	-2.0	58.5	-12.6
Eq. US Sm Cap Val A	US	EQ	LUX	02/23	USD	15.91	-0.2	54.1	-14.9
Money Market EURO A	EU	MM	LUX	02/23	EUR	27.41	0.0	0.7	2.4
Money Market USD A	US	MM	LUX	02/23	USD	15.83	0.0	0.3	1.4

المستثمر الوطني The National Investor

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
TNI Mena Real Estate Fund	OT	OT	BMU	02/18	USD	909.36	-5.4	5.1	-29.8
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/18	AED	4.89	-8.3	17.1	-35.5

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*formerly known as China ABH Shares Fund

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Intel-Chin MainInd Foc	AS	EQ	CYM	02/17	USD	28.46	-4.6	75.0	6.0
Intel-China Converg*	AS	EQ	CYM	02/17	USD	108.68	-4.7	75.0	4.0
VP Classic - A	AS	EQ	CYM	02/23	USD	178.97	-4.0	77.6	0.8
VP CLassic - B	AS	EQ	CYM	02/23	USD	83.36	-4.1	76.7	0.3
VP High Dividend Stk	AS	EQ	CYM	02/22	USD	44.80	-1.4	79.3	4.0

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■ YMR-N Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
YMR-N Growth Fund	OT	OT	IRL	02/24	JPY	9033.00	-4.5	28.1	-19.7
YMR-N Small Cap Fund	OT	OT	IRL	02/24	JPY	6572.00	-6.3	22.4	-20.8

■ Yuki 77 Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Yuki 77 General	JP	EQ	IRL	02/24	JPY	5778.00	-6.1	17.3	-23.7
Yuki 77 Growth	JP	EQ	IRL	02/24	JPY	5292.00	-6.2	11.8	-27.3

■ Yuki Chugoku Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/24	JPY	6613.00	-3.1	26.6	-19.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/24	JPY	7585.00	0.6	18.7	-17.5

■ Yuki Hokuyo Japan Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/24	JPY	4534.00	-3.0	20.3	-23.0
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/24	JPY	5124.00	-2.4	19.1	-18.7
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/24	JPY	4756.00	-6.8	20.2	-20.2

■ Yuki Mizuho Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/24	JPY	4177.00	-5.5	20.5	-27.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/24	JPY	4398.00	-5.7	20.2	-27.3
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/24	JPY	6585.00	-5.5	30.4	-21.7
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/24	JPY	8211.00	-4.7	25.3	-19.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/24	JPY	6061.00	-4.7	19.8	-21.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/24	JPY	7441.00	-2.5	10.3	-20.6
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/24	JPY	5008.00	-3.5	24.0	-20.7
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/24	JPY	11381.00	-1.6	28.1	-14.7
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/24	JPY	7436.00	-6.6	18.8	-24.8
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/24	JPY	6573.00	-7.9	27.3	-22.1
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/24	JPY	5509.00	-2.5	25.9	-17.2
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/24	JPY	2655.00	-2.6	25.5	-24.8

■ Yuki Shizuoka Japan Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Yuki Shizuoka General Japan	JP	EQ	IRL	02/24	JPY	5194.00	-4.2	25.2	-20.6

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Switzerland	0.13%	0.4%	51.6%
Sweden	-0.27	-0.9%	61.0
U.K.	0.46	-1.4	39.5
Japan	-1.40	-1.5	21.7
Canada	0.51	-2.2	42.8
Netherlands	-0.67	-3.0	54.1
South Africa	-0.57	-3.6	30.4
Australia	-1.74	-3.9	37.8
Russia	-0.19	-4.3	94.1
Singapore	-0.82	-5.1	72.6
South Korea	-1.47	-5.4	54.0
France	unch.	-6.3	39.8
Germany	0.02	-6.4	39.4
Hong Kong	-0.80	-6.9	49.4
Turkey	-3.28	-7.7	98.8
Italy	0.23	-7.8	43.6
Brazil	0.58	-10.0	99.0
China 88	1.18	-11.3	34.2
Spain	-0.92	-12.3	26.1

Dow Jones Regional Sector Titans

Nordic 30 -p	-1.25%	3.2%	57.2%
Arab 50	-0.55	3.0	32.9
Travel Leisure	0.37	2.8	46.8
Pers H'hold Gds	-0.44	1.4	44.2
EU Enlarged†-p	-1.44	-2.0%	82.3
Asian 50	-1.69	-3.1	50.0
Stoxx 50 -p	-1.31	-4.2	39.5
Global 50	-0.17	-5.2	37.9
Tiger 50*	-1.38	-6.8	69.2
Euro Stoxx 50 -p	-1.71	-7.9	38.1

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	$35.4	107.20	1.52%	76.0%	16.0%
Takeda Pharm	Japan	Pharmaceuticals	35.3	4,030	1.26	1.5	-50.5
Westfield Grp	Australia	Retail REITs	24.5	11.93	0.85	22.4	-44.9
Hutchison Whampoa	Hong Kong	Diversified Industrials	30.7	55.90	0.72	32.6	-24.8
Tokio Marine Hldgs	Japan	Property Casualty Insurance	22.1	2,525	0.04	18.3	-43.0
Nissan Motor	Japan	Automobiles	$32.5	720.00	-3.36%	140.0	-47.5
RioZim Ltd	Australia	General Mining	38.1	70.40	-3.23	93.2	18.0
Seven I Hldgs	Japan	Broadline Retailers	19.4	1,938	-3.15	-3.6	-49.0
POSCO	South Korea	Iron Steel	35.4	538,000	-3.06	68.7	52.4
BHP Billiton	Australia	General Mining	122.2	40.88	-2.92	40.9	50.7

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
JFE Hldgs Japan (Iron Steel)	19.0	3,245	-0.31%	62.6%	-55.5%
Cheung Kong Hong Kong (Real Estate Holding Development)	28.2	94.60	-0.32	45.3	-1.2
NTT DoCoMo Japan (Mobile Telecommunications)	64.7	139,600	-0.36	-7.4	-35.7
Japan Tobacco Japan (Tobacco)	34.5	324,000	-0.46	38.5	-40.1
Honda Motor Japan (Automobiles)	62.8	3,095	-0.48	29.2	-30.0
East Japan Railway Japan (Travel Tourism)	26.1	5,940	-0.50	8.2	-34.6
China Mobile (HK) Hong Kong (Mobile Telecommunications)	196.0	76.60	-0.52	8.7	5.5
Woolworths Australia (Food Retailers Wholesalers)	28.3	25.85	-0.54	-7.9	-5.0
China Life Ins Hong Kong (Life Insurance)	33.2	34.65	-0.57	52.0	65.4
Nippon T&T Japan (Fixed Line Telecommunications)	57.6	3,920	-0.63	-4.2	-37.6
Kansai Elec Power Japan (Conventional Electricity)	22.1	2,090	-0.81	-8.9	-40.6
Aus NZ Bk Australia (Banks)	50.2	22.52	-0.92	80.2	-23.1
Commonwlth Bk of Aus Australia (Banks)	73.1	54.00	-1.01	85.4	8.1
Sumitomo Mitsui Finl Japan (Banks)	42.6	2,846	-1.01	-8.8	-75.3
Tokyo Elec Power Japan (Conventional Electricity)	36.9	2,460	-1.05	-9.4	-40.4
Nintendo Japan (Toys)	34.4	24,220	-1.14	-12.2	-23.1
Shinhan Financial Grp South Korea (Banks)	17.3	42,000	-1.29	97.7	-18.2
KB Fncl Group South Korea (Banks)	17.0	51,000	-1.35	89.7	-38.2
QBE Ins Grp Australia (Reinsurance)	21.2	23.24	-1.48	17.1	-27.4
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.3	132.50	-1.49	125.4	-8.6

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Toyota Motor Japan (Automobiles)	114.5	3,275	-1.50%	1.7%	-59.2%
China Constr Bk Hong Kong (Banks)	168.9	5.84	-1.52	46.7	32.7
Mitsubishi UFJ Finl Japan (Banks)	69.4	450.00	-1.53	1.1	-69.2
CNOOC Hong Kong (Exploration Production)	70.3	12.22	-1.61	79.4	94.0
Indl Comm Bk China Hong Kong (Banks)	58.6	5.48	-1.62	66.6	27.2
Mizuho Financial Grp Japan (Banks)	27.0	173.00	-1.70	-9.9	-79.2
Nippon Steel Japan (Iron Steel)	23.0	330.00	-1.79	34.2	-59.0
Shin-Etsu Chml Japan (Specialty Chemicals)	22.7	4,825	-1.83	12.7	-35.0
Mitsubishi Japan (Industrial Suppliers)	40.4	2,220	-1.86	83.0	-19.6
KDDI Japan (Mobile Telecommunications)	23.2	472,500	-1.87	-2.8	-49.0
Samsung Elec South Korea (Semiconductors)	96.1	752,000	-1.96	57.3	32.6
PetroChina Hong Kong (Integrated Oil Gas)	23.5	8.64	-2.15	49.5	-5.2
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	47.2	58.50	-2.17	31.5	-14.3
Westpac Bking Australia (Banks)	66.8	25.76	-2.28	59.2	1.2
Woodside Petroleum Australia (Exploration Production)	27.7	43.32	-2.45	26.8	16.3
Panasonic Japan (Consumer Electronics)	29.3	1,274	-2.45	10.5	-46.7
Sony Japan (Consumer Electronics)	34.4	3,110	-2.51	85.0	-49.6
National Australia Bk Australia (Banks)	45.9	24.61	-2.53	42.0	-39.0
Canon Japan (Electronic Office Equipment)	51.0	3,720	-2.75	48.5	-42.5
Mitsui Japan (Industrial Suppliers)	27.3	1,360	-2.86	53.3	-36.2

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.62%	-1.27%	-0.3%	-1.3%	4.9%
Event Driven	0.89	-0.95	1.0	-0.2	13.5
Equity Long/Short	0.89	0.15	2.7	0.5	4.0

*Estimates as of 02/22/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

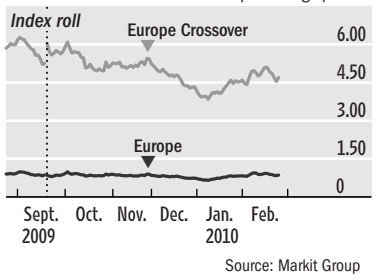
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.86	100.64%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.26	98.82	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.70	101.15	0.05	6.15	3.79	4.94
Asia ex-Japan IG: 12/1	1.10	99.55	0.01	1.34	0.87	1.08
Japan: 12/1	1.43	98.03	0.01	1.68	0.99	1.36

Note: Data as of February 23

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sumitomo Rlty Dev	211	**-29**	-40	-27
Marubeni	195	**-16**	-27	2
Nishimatsu Constr	570	**-14**	-30	31
Mazda Mtr	211	**-11**	-21	-4
Taisei	352	**-9**	-23	4
Marui Group	257	**-8**	-2	13
NEC	100	**-8**	-10	5
Obayashi	223	**-8**	-30	16
Itochu	142	**-8**	-20	6
Nikon	54	**-6**	-2	...

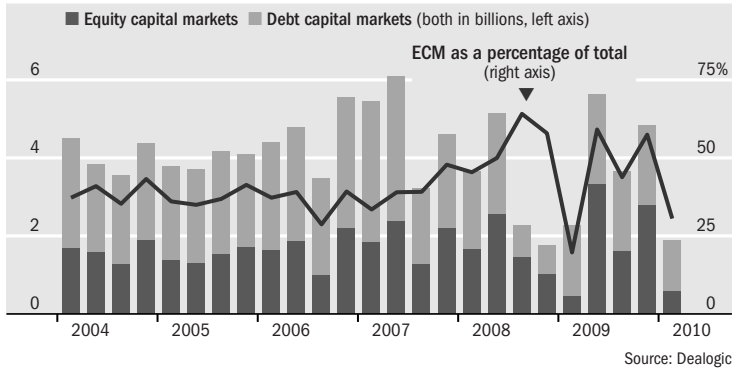
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Orix	305	**3**	2	25
Shin Han Bk	124	**3**	-7	-1
Nippon Telegraph Tel	40	**3**	...	17
CNOOC	71	**3**	-6	-3
Nippon Oil	50	**3**	...	6
Samsung Electrs	74	**3**	-7	-2
IHI	313	**5**	1	-2
Sanyo Shinpan Fin	711	**7**	20	71
Korea Dep Ins	86	**8**	-2	1
Promise	715	**11**	27	73

Source: Markit Group

US: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	384.50	5.75	1.52%	714.00	325.00
Soybeans (cents/bu.)	CBOT	966.50	7.00	0.73	1,087.50	819.75
Wheat (cents/bu.)	CBOT	514.50	8.75	1.73	745.00	472.00
Live cattle (cents/lb.)	CME	92.425	-0.800	-0.86%	95.175	85.050
Cocoa ($/ton)	ICE-US	2,959	14	0.48	3,514	2,066
Coffee (cents/lb.)	ICE-US	132.70	0.45	0.34	190.40	118.30
Sugar (cents/lb.)	ICE-US	23.78	0.10	0.42	29.00	11.90
Cotton (cents/lb.)	ICE-US	78.82	-0.95	-1.19	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,590.00	-45	-1.71	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,184	-1	-0.05	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,272	8	0.63	1,605	1,256
Copper (cents/lb.)	COMEX	326.10	2.65	0.82	355.00	140.00
Gold ($/troy oz.)	COMEX	1103.00	0.30	0.03	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1598.00	6.70	0.42	1,949.50	916.00
Aluminum ($/ton)	LME	2,113.00	-36.00	-1.68	2,356.50	1,301.00
Tin ($/ton)	LME	16,800.00	-245.00	-1.44	18,250.00	9,945.00
Copper ($/ton)	LME	7,060.00	-200.00	-2.75	7,695.00	3,355.00
Lead ($/ton)	LME	2,180.00	-130.00	-5.63	2,615.00	1,020.00
Zinc ($/ton)	LME	2,176.50	-69.50	-3.09	2,659.00	1,104.00
Nickel ($/ton)	LME	20,135	-320	-1.56	21,150	9,475
Crude oil ($/bbl.)	NYMEX	79.61	0.75	0.95	116.70	51.00
Heating oil ($/gal.)	NYMEX	2.0374	-0.0052	-0.25	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.1875	0.0190	0.87	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	4.880	0.070	1.47	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	77.95	0.70	0.91	83.58	51.55
Gas oil ($/ton)	ICE-EU	630.75	2.00	0.32	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Feb. 24

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2506	0.1905	3.8588	0.2592
Brazil real	2.4755	0.4040	1.8193	0.5497
Canada dollar	1.4325	0.6981	1.0528	0.9499
1-mo. forward	1.4326	0.6981	1.0528	0.9498
3-mos. forward	1.4327	0.6980	1.0529	0.9498
6-mos. forward	1.4331	0.6978	1.0532	0.9495
Chile peso	720.01	0.001389	529.15	0.001890
Colombia peso	2628.53	0.0003804	1931.75	0.0005177
Ecuador US dollar-f	1.3607	0.7349	1	1
Mexico peso-a	17.4831	0.0572	12.8486	0.0778
Peru sol	3.8746	0.2581	2.8475	0.3512
Uruguay peso-e	26.806	0.0373	19.700	0.0508
U.S. dollar	1.3607	0.7349	1	1
Venezuela bolivar	5.84	0.171124	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5210	0.6575	1.1178	0.8946
China yuan	9.2894	0.1076	6.8270	0.1465
Hong Kong dollar	10.5662	0.0946	7.7653	0.1288
India rupee	62.9800	0.0159	46.2850	0.0216
Indonesia rupiah	12661	0.0000790	9305	0.0001075
Japan yen	122.40	0.008170	89.96	0.011117
1-mo. forward	122.38	0.008171	89.94	0.011119
3-mos. forward	122.34	0.008174	89.91	0.011122
6-mos. forward	122.25	0.008180	89.84	0.011130
Malaysia ringgit-c	4.6301	0.2160	3.4028	0.2939
New Zealand dollar	1.9617	0.5098	1.4416	0.6937
Pakistan rupee	115.455	0.0087	84.850	0.0118
Philippines peso	62.660	0.0160	46.050	0.0217
Singapore dollar	1.9163	0.5218	1.4083	0.7101
South Korea won	1570.25	0.0006368	1154.00	0.0008666
Taiwan dollar	43.631	0.02292	32.065	0.03119
Thailand baht	44.951	0.02225	33.035	0.03027

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7349	1.3607
1-mo. forward	1.0001	0.9999	0.7350	1.3606
3-mos. forward	1.0001	0.9999	0.7350	1.3605
6-mos. forward	1.0005	0.9995	0.7353	1.3600
Czech Rep. koruna-b	25.898	0.0386	19.033	0.0525
Denmark krone	7.4428	0.1344	5.4699	0.1828
Hungary forint	270.26	0.003700	198.62	0.005035
Norway krone	8.0385	0.1244	5.9076	0.1693
Poland zloty	3.9867	0.2508	2.9299	0.3413
Russia ruble-d	40.755	0.02454	29.952	0.03339
Sweden krona	9.7705	0.1023	7.1805	0.1393
Switzerland franc	1.4634	0.6833	1.0755	0.9298
1-mo. forward	1.4631	0.6835	1.0753	0.9300
3-mos. forward	1.4625	0.6838	1.0748	0.9304
6-mos. forward	1.4613	0.6843	1.0739	0.9312
Turkey lira	2.1073	0.4745	1.5487	0.6457
U.K. pound	0.8807	1.1354	0.6472	1.5450
1-mo. forward	0.8809	1.1352	0.6474	1.5446
3-mos. forward	0.8813	1.1347	0.6476	1.5441
6-mos. forward	0.8817	1.1341	0.6480	1.5432
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5130	1.9495	0.3770	2.6526
Egypt pound-a	7.4679	0.1339	5.4883	0.1822
Israel shekel	5.1305	0.1949	3.7705	0.2652
Jordan dinar	0.9634	1.0380	0.7080	1.4124
Kuwait dinar	0.3938	2.5395	0.2894	3.4555
Lebanon pound	2044.45	0.0004891	1502.50	0.0006656
Saudi Arabia riyal	5.1030	0.1960	3.7503	0.2666
South Africa rand	10.5590	0.0947	7.7600	0.1289
United Arab dirham	4.9979	0.2001	3.6731	0.2723
SDR -f	0.8885	1.1255	0.6530	1.5315

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
52	**ASIA-PACIFIC**	DJ Asia-Pacific	120.03	-1.36	-1.12%	-2.5%	53.5%
...	Australia	SPX/ASX 200	4648.52	-69.80	-1.48	-4.6	39.7
...	China	CBN 600	26960.32	421.99	1.59%	-7.2	41.8
19	Hong Kong	Hang Seng	20467.74	-155.26	-0.75	-6.4	57.4
18	India	Sensex	16255.97	-30.35	-0.19	-6.9	82.6
...	Indonesia	Jakarta Composite	2579.416	-4.235	-0.16	1.8	98.4
...	Japan	Nikkei Stock Average	10198.83	-153.27	-1.48	-3.3	36.7
...		Topix	895.69	-11.68	-1.29	-1.3	20.1
...	Malaysia	Kuala Lumpur Composite	1270.78	4.35	0.34	-0.2	41.7
...	New Zealand	NZSX-50	3130.882	4.515	0.14	-3.1	25.2
9	Pakistan	KSE 100	9686.18	-137.39	-1.40	3.2	73.6
14	Philippines	Manila Composite	2981.14	-32.00	-1.06	-2.3	58.0
...	Singapore	Straits Times	2762.14	-20.41	-0.73	-4.7	70.8
11	South Korea	Kospi	1612.83	-16.07	-0.99	-4.2	51.1
20	Taiwan	Weighted	7529.67	-67.77	-0.89	-8.0	67.6
10	Thailand	SET	715.18	-0.40	-0.06	-2.6	64.7
58	**EUROPE**	DJ Stoxx 600	247.28	0.54	0.22	-2.3	43.6
23		DJ Stoxx 50	2486.84	9.02	0.36	-3.6	40.6
70	**Euro Zone**	DJ Euro Stoxx	257.34	0.07	0.03%	-6.3%	40.5%
13		DJ Euro Stoxx 50	2733.59	3.02	0.11	-7.8	39.0
21	Denmark	OMX Copenhagen	336.02	0.65	0.19	6.4	52.6
20	Finland	OMX Helsinki	6689.99	24.84	0.37	3.6	52.5
16	France	CAC-40	3715.68	8.62	0.23	-5.6	37.8
19	Germany	DAX	5615.51	11.44	0.20	-5.7	46.0
13	Italy	FTSE MIB	21346.31	122.24	0.58	-8.2	40.3
...	Netherlands	AEX	320.92	-0.07	-0.02%	-4.3	45.4
...	Russia	RTSI	1401.48	-21.65	-1.52	-1.8	160.4
10	Spain	IBEX 35	10254.0	-58.9	-0.57	-14.1	36.5
16	Switzerland	SMI	6687.95	38.86	0.58	2.2	42.2
11	Turkey	ISE National 100	49659.56	-1757.00	-3.42	-6.0	105.6
13	U.K.	FTSE 100	5342.92	27.83	0.52	-1.3	38.8
18	**AMERICAS**	DJ Americas	292.22	1.36	0.47	-1.4	50.9
...	Brazil	Bovespa	65879.88	-228.45	-0.35	-3.9	71.5
...	Argentina	Merval	2303.38	6.75	0.29	-0.7	126.6
19	Mexico	IPC	31884.62	34.38	0.11	-0.7	77.1

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
		Global TSM	2242.62	-1.46	-0.07%	-3.3%	54.4%	-8.7%
1.94%	20	**Global DOW**	1882.39	-2.10	-0.11	-5.1	49.9	-5.8
2.88	15	**Global Titans 50**	164.58	-0.28	-0.17	-5.2	37.9	-10.7
2.88	15	**Asia/Pacific TSM**	1186.73	-13.05	-1.09	-2.4	58.0	-7.0
2.88	15	**Asia/Pacific ex-Japan TSM**	2909.71	-30.32	-1.03	-5.4	87.3	-1.2
2.88	15	**Europe TSM**	2470.69	-1.38	-0.06	-7.7	54.5	-12.6
2.88	15	**Emerging Markets TSM**	3855.11	-18.67	-0.48	-4.9	90.7	-0.7
2.65	43	**Asian Titans 50**	130.16	-2.24	-1.69	-3.1	50.0	-9.0
6.41	6	**BRIC 50**	548.57	-4.96	-0.90	-8.3	88.5	3.6
0.88	27	**CBN China 600** -c	26960.32	421.98	1.59	-7.2	41.8	8.9
2.37	18	**China Offshore 50**	3757.25	-42.33	-1.11	-7.9	55.7	4.1
0.90	31	**Shanghai** -c	363.12	5.42	1.52	-6.3	42.4	9.1
0.59%	45	**Shenzhen -c**	399.18	7.74	1.98%	-4.2%	56.8%	15.5%
0.59	45	**U.S. TSM**	11299.12	58.26	0.52	-0.8	46.9	-8.3
4.94	14	**Global Select Div -d**	190.43	-1.27	-0.66	-5.7	88.4	-11.5
5.55	14	**Asia/Pacific Select Div -d**	260.84	-3.05	-1.15	-2.9	104.2	-11.5
4.18	15	**Hong Kong Select Div -d**	186.69	-2.11	-1.12	-0.4	54.2	-0.7
4.20	15	**U.S. Select Dividend -d**	316.64	0.69	0.22	0.3	46.0	-14.7
2.13	14	**Islamic Market**	1916.23	1.09	0.06	-3.0	47.6	-3.7
2.43	15	**Islamic Market 100**	2051.34	2.51	0.12	-3.3	35.6	-4.0
2.78	16	**Islamic China/HK Titans 30**	1446.65	-12.91	-0.88	-2.7	54.3	0.3
1.26	12	**Sustainability Korea**	1155.77	-19.43	-1.65	-4.1	102.7	-1.7
4.37	16	**Brookfield Infrastructure**	1959.16	-5.38	-0.27	-3.3	43.3	-5.3
		DJ-UBS Commodity -p	132.26	-2.12	-1.57	-5.0	27.3	-8.6

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.118	0.647	1.053	6.827	0.735	7.765	46.285	9304.92	89.955	1.442	1154.00	3.403	46.050	1.408	1.076	32.065	33.035
Australia	0.895		0.579	0.942	6.107	0.657	6.947	41.407	8324.18	80.474	1.290	1032.37	3.044	41.196	1.260	0.962	28.685	29.553
Britain	1.545	1.727		1.626	10.548	1.135	11.997	71.510	14376.10	138.980	2.227	1782.93	5.257	71.147	2.176	1.662	49.540	51.039
Canada	0.950	1.062	0.615		6.485	0.698	7.376	43.966	8838.68	85.448	1.369	1096.18	3.232	43.743	1.338	1.022	30.458	31.380
China	0.1465	0.164	0.095	0.154		0.108	1.137	6.780	1362.97	13.176	0.211	169.04	0.498	6.745	0.206	0.158	4.697	4.839
Euro	1.361	1.521	0.881	1.432	9.289		10.566	62.980	12661.21	122.402	1.962	1570.25	4.630	62.660	1.916	1.463	43.631	44.951
Hong Kong	0.129	0.144	0.083	0.136	0.879	0.095		5.961	1198.28	11.584	0.186	148.61	0.438	5.930	0.181	0.139	4.129	4.254
India	0.0216	0.0242	0.0140	0.0227	0.1475	0.0159	0.1678		201.04	1.9435	0.0311	24.93	0.0735	0.9949	0.0304	0.0232	0.6928	0.7137
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0097	0.0002	0.12	0.0004	0.0049	0.0002	0.0001	0.0034	0.0036
Japan	0.011	0.012	0.007	0.012	0.076	0.008	0.086	0.515	103.44		0.016	12.83	0.038	0.512	0.016	0.012	0.356	0.367
New Zealand	0.694	0.775	0.449	0.730	4.736	0.510	5.386	32.106	6454.36	62.397		800.47	2.360	31.943	0.977	0.746	22.242	22.915
South Korea	0.0009	0.0010	0.0006	0.0009	0.0059	0.0006	0.0067	0.0401	8.06	0.0780	0.0012		0.0029	0.0399	0.0012	0.0009	0.0278	0.0286
Malaysia	0.294	0.329	0.190	0.309	2.006	0.216	2.282	13.602	2734.53	26.436	0.424	339.14		13.533	0.414	0.316	9.423	9.708
Philippines	0.022	0.024	0.014	0.023	0.148	0.016	0.169	1.005	202.06	1.953	0.031	25.06	0.074		0.031	0.023	0.696	0.717
Singapore	0.710	0.794	0.460	0.748	4.848	0.522	5.514	32.866	6607.20	63.875	1.024	819.43	2.416	32.699		0.764	22.769	23.457
Switzerland	0.930	1.039	0.602	0.979	6.348	0.683	7.220	43.036	8651.72	83.640	1.340	1072.99	3.164	42.817	1.309		29.814	30.716
Taiwan	0.031	0.035	0.020	0.033	0.213	0.023	0.242	1.443	290.19	2.805	0.045	35.99	0.106	1.436	0.044	0.034		1.030
Thailand	0.030	0.034	0.020	0.032	0.207	0.022	0.235	1.401	281.67	2.723	0.044	34.93	0.103	1.394	0.043	0.033	0.971	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 24, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	LOCAL-CURRENCY PERFORMANCE YTD	LOCAL-CURRENCY PERFORMANCE 52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	288.59	0.92%	-3.6%	38.7%
2.50	27	**World (Developed Markets)**	1,128.52	1.00	-3.4	34.5
1.80	116	**World Small Cap**	188.98	1.02	-0.6	52.6
2.60	22	**Kokusai (World ex-Japan)**	1,111.86	1.21	-4.1	37.1
3.00	27	**EAFE**	1,497.78	0.68	-5.3	34.3
2.10	20	**Emerging Markets (EM)**	940.21	0.33	-5.0	77.6
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	399.07	-0.36	-4.2	74.8
2.10	22	**AC Far East ex-Japan**	428.89	-0.67	-4.7	67.3
1.70	-36	**Japan**	567.92	-0.28	-0.1	16.1
2.00	19	**China**	60.67	1.03	-6.4	62.1
0.90	37	**China A (China Domestic)**	3,063.10	-0.79	-9.4	58.9
2.70	22	**Hong Kong**	9,861.74	1.24	-3.1	49.7
1.00	20	**India**	664.77	0.31	-6.0	83.3
1.10	16	**Korea**	461.76	-0.02	-4.0	44.3
2.40	19	**Malaysia**	465.87	0.14	-0.8	42.3
3.10	17	**Singapore**	1,553.29	1.22	-4.4	57.6
2.60	232	**Taiwan**	274.60	0.43	-7.2	72.0
3.00	18	**Thailand**	290.57	1.71	-3.7	62.6
4.00	24	**Australia**	977.74	0.11	-2.3	34.3
5.40	16	**New Zealand**	83.36	-0.51	-4.4	4.0
1.90	32	**US BROAD MARKET**	1,219.77	1.26	-1.4	35.6
3.40	17	**EUROPE**	85.65	-1.19	-3.0	28.0

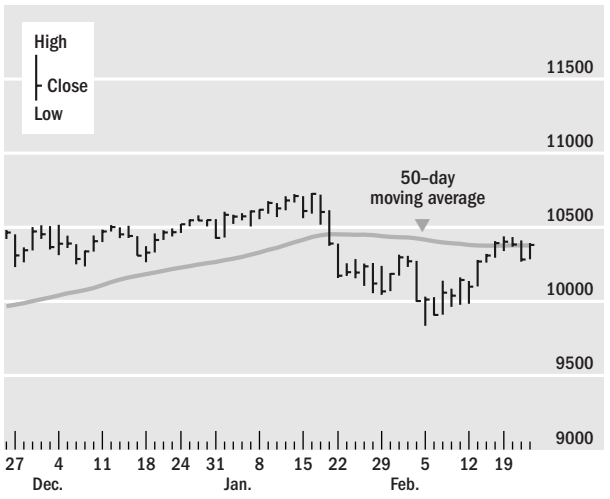
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

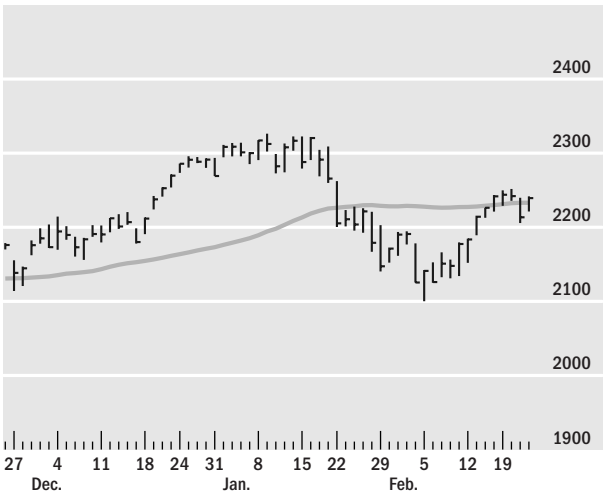
Dow Jones Industrial Average P/E: 16

LAST: **10380.59** ▲ 98.18, or 0.95%
YEAR TO DATE: ▼ **47.46, or 0.5%**
OVER 52 WEEKS ▲ **3,109.70, or 42.8%**



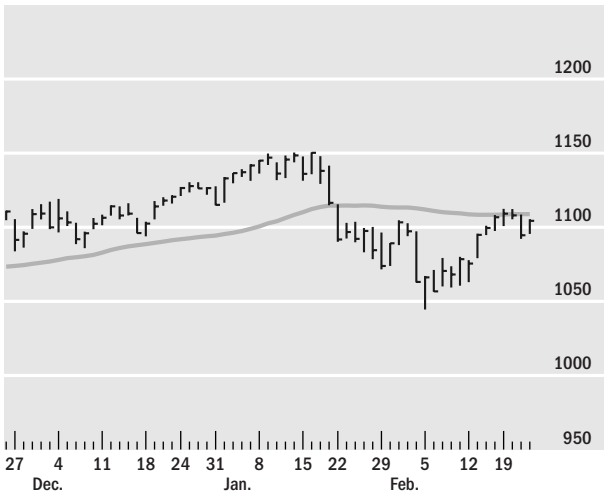
Nasdaq Composite Index P/E: 19*

LAST: **2239.32** ▲ 25.88, or 1.17%
YEAR TO DATE: ▼ **29.83, or 1.3%**
OVER 52 WEEKS ▲ **813.89, or 57.1%**



S&P 500 Index P/E: 26

LAST: **1104.33** ▲ 9.73, or 0.89%
YEAR TO DATE: ▼ **10.77, or 1.0%**
OVER 52 WEEKS ▲ **339.43, or 44.4%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**13.30**	$24.92	0.09	**0.36%**
Alcoa	AA	**17.60**	13.06	-0.12	**-0.91**
AmExpress	AXP	**2.70**	38.64	0.71	**1.87**
BankAm	BAC	**90.10**	16.26	0.32	**2.00**
Boeing	BA	**1.50**	63.37	0.60	**0.96**
Caterpillar	CAT	**3.00**	56.94	0.28	**0.50**
Chevron	CVX	**5.00**	72.31	0.27	**0.37**
CiscoSys	CSCO	**14.80**	24.38	0.33	**1.37**
CocaCola	KO	**3.50**	54.98	0.15	**0.27**
Disney	DIS	**6.80**	31.35	0.43	**1.39**
DuPont	DD	**2.80**	33.98	0.30	**0.89**
ExxonMobil	XOM	**10.10**	65.58	0.64	**0.99**
GenElec	GE	**21.90**	16.03	0.08	**0.50**
HewlettPk	HPQ	**6.80**	50.88	0.76	**1.51**
HomeDpt	HD	**8.40**	31.01	0.26	**0.84**
Intel	INTC	**23.20**	20.71	0.32	**1.58**
IBM	IBM	**2.20**	127.73	1.27	**1.00**
JPMorgChas	JPM	**21.10**	40.63	0.75	**1.88**
JohnsJohns	JNJ	**3.30**	63.49	0.18	**0.28**
KftFoods	KFT	**10.50**	29.00	-0.13	**-0.45**
McDonalds	MCD	**3.50**	65.11	0.24	**0.37**
Merck	MRK	**5.70**	36.83	0.32	**0.88**
Microsoft	MSFT	**21.90**	28.70	0.37	**1.31**
Pfizer	PFE	**38.10**	17.89	0.22	**1.25**
ProctGamb	PG	**4.10**	63.60	0.39	**0.62**
3M	MMM	**1.60**	80.31	0.60	**0.75**
TravelersCos	TRV	**2.40**	52.76	0.40	**0.76**
UnitedTech	UTX	**2.20**	68.47	0.68	**1.00**
Verizon	VZ	**5.60**	28.92	0.18	**0.63**
WalMart	WMT	**4.60**	53.89	0.27	**0.50**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**147.7**	$3.42	$0.07	**2.13%**
SPDR S&P 500	SPY	**94.9**	110.70	0.89	**0.81**
BankAm	BAC	**91.3**	16.26	0.32	**2.01**
Bowne	BNE	**53.7**	11.14	4.17	**59.83**
BrcadeComm	BRCD	**52.5**	5.50	0.14	**2.61**
PwrShrs QQQ	QQQQ	**48.3**	44.63	0.47	**1.06**
FordMotor	F	**45.6**	11.81	0.21	**1.77**
iShrMSCIEmrgMkt	EEM	**42.5**	38.87	0.35	**0.91**
Pfizer	PFE	**38.1**	17.88	0.21	**1.19**
SPDR FnclSelSct	XLF	**37.1**	14.59	0.21	**1.46**
DrxFinancBear 3x	FAZ	**35.4**	17.97	–0.68	**–3.65**
SiriusXM	SIRI	**33.1**	1.10	–0.02	**–1.79**
STEC Inc	STEC	**25.1**	10.09	–3.33	**–24.81**
YRC Worldwide	YRCW	**24.6**	0.39	0.02	**5.41**
iShrRu2000	IWM	**24.1**	63.08	0.57	**0.91**

Biggest gainers...

Bowne	BNE	**53,715.8**	$11.14	$4.17	**59.83%**
SalixPharm	SLXP	**5,972.8**	29.38	5.13	**21.15**
BGC Partn	BGCP	**393.3**	4.95	0.68	**15.93**
DycomInd	DY	**966.1**	9.44	1.21	**14.70**
ZaleCp	ZLC	**5,365.0**	2.85	0.29	**11.33**

...Biggest losers

STEC Inc	STEC	**25,144.0**	$10.09	-$3.33	**-24.81%**
TrvlcntrsAmer	TA	**439.2**	3.80	-0.80	**-17.39**
BlockHR	HRB	**20,106.5**	16.95	-2.78	**-14.09**
Culp	CFI	**1,017.8**	14.20	-2.20	**-13.41**
CtznCmntyBcp	CZWI	**2.7**	3.51	-0.45	**-11.27**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$4.24	$1.65	**Utd Microelectronics**	UMC	**6,656.8**	$3.52	-0.04	**-1.12%**
11.69	6.88	**Taiwan Semi**	TSM	**5,241.9**	9.86	0.01	**0.10**
82.74	33.09	**BHP Billiton**	BHP	**4,161.0**	73.10	-0.32	**-0.44**
91.97	56.79	**Toyota Motor**	TM	**1,853.7**	73.87	2.32	**3.24**
13.30	6.35	**AU Optrncs**	AUO	**1,298.3**	10.57	0.15	**1.44**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**1,044.3**	6.11	0.00	**0**
18.64	12.59	**SK Telecom**	SKM	**811.4**	17.12	-0.02	**-0.12**
59.22	40.20	**China Mobile**	CHL	**752.5**	49.56	0.91	**1.87**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**724.4**	4.99	0.02	**0.40**
34.27	10.70	**Aluminum Cp of China**	ACH	**620.1**	24.17	0.65	**2.79**
15.95	8.74	**China Unicom**	CHU	**608.7**	11.09	0.08	**0.73**
59.13	22.61	**Infosys Tech**	INFY	**571.3**	56.32	0.80	**1.44**
35.59	15.64	**Sony**	SNE	**459.0**	34.53	-0.08	**-0.23**
81.00	38.70	**China Life Ins**	LFC	**375.0**	67.12	1.25	**1.90**
5.23	1.57	**Adv Semi Engrg**	ASX	**254.6**	4.28	-0.01	**-0.23**
21.78	11.30	**KT Corp**	KT	**228.2**	19.25	-0.37	**-1.89**
9.50	3.96	**Nomura Hldgs**	NMR	**217.0**	7.31	0.03	**0.46**
18.20	6.85	**Korea Elec Pwr**	KEP	**209.7**	16.39	0.05	**0.31**
21.22	16.33	**ChunghwaTel**	CHT	**207.2**	18.44	-0.05	**-0.27**
135.92	63.94	**PetroChina**	PTR	**160.0**	111.66	0.77	**0.69**
9.82	5.43	**Telecom Corp of NZ**	NZT	**134.4**	7.87	0.13	**1.68**
24.09	17.71	**NTT**	NTT	**122.0**	21.81	0.11	**0.52**
171.59	75.59	**CNOOC**	CEO	**117.3**	157.68	1.75	**1.12**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**114.0**	21.08	0.62	**3.03**
150.50	47.09	**POSCO**	PKX	**110.1**	117.03	-0.20	**-0.17**
37.23	20.72	**Honda Motor**	HMC	**106.0**	34.43	0.53	**1.56**
16.49	13.11	**NTT DoCoMo**	DCM	**101.7**	15.51	0.09	**0.58**
43.95	21.23	**Canon**	CAJ	**96.5**	41.41	-0.20	**-0.48**
4.98	1.55	**SemiMfgInt**	SMI	**88.8**	4.89	0.09	**1.87**
7.74	2.00	**Alumina**	AWC	**68.0**	5.64	0.03	**0.57**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

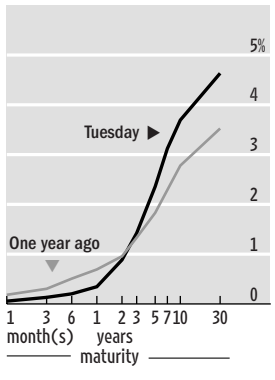
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.615%**	**374.4**	384.2	356.8	**169.3**	**4.680%**	4.369%	**2.673%**
4.500	10	**5.617**	**193.5**	192.9	188.0	**132.3**	**5.660**	5.489	**4.124**
5.000	**Austria** 2	**1.357**	**48.6**	56.5	81.0	**41.4**	**1.403**	1.611	**1.394**
3.900	10	**3.601**	**-8.1**	-13.6	8.2	**135.9**	**3.595**	3.691	**4.160**
2.000	**Belgium** 2	**1.172**	**30.1**	29.2	66.8	**36.5**	**1.130**	1.469	**1.345**
3.750	10	**3.684**	**0.2**	-4.0	21.3	**130.9**	**3.691**	3.822	**4.110**
1.500	**Canada** 2	**1.331**	**46.0**	50.0	36.7	**21.6**	**1.338**	1.168	**1.196**
3.750	10	**3.431**	**-25.1**	-27.1	-23.6	**6.5**	**3.460**	3.373	**2.866**
4.000	**Denmark** 2	**1.731**	**86.0**	85.1	107.0	**131.3**	**1.689**	1.871	**2.293**
4.000	10	**3.476**	**-20.6**	-26.0	-7.7	**62.6**	**3.471**	3.532	**3.427**
3.750	**France** 2	**0.972**	**10.1**	15.3	23.8	**55.6**	**0.991**	1.039	**1.536**
3.500	10	**3.434**	**-24.8**	-28.6	-13.1	**71.1**	**3.445**	3.478	**3.512**
1.250	**Germany** 2	**0.918**	**4.7**	10.6	30.3	**30.4**	**0.944**	1.104	**1.284**
3.250	10	**3.157**	**-52.5**	-56.2	-40.1	**18.5**	**3.169**	3.208	**2.986**
0.640	**Hong Kong** 2	**0.757**	**-11.4**	-5.5	-22.1	**-29.9**	**0.783**	0.580	**0.681**
2.160	10	**2.955**	**-72.7**	-78.0	-72.7	**-101.8**	**2.951**	2.882	**1.783**
5.000	**Italy** 2	**1.490**	**61.9**	67.6	89.9	**117.3**	**1.514**	1.700	**2.153**
4.250	10	**4.034**	**35.2**	29.7	49.6	**169.1**	**4.028**	4.105	**4.492**
0.200	**Japan** 2	**0.160**	**-71.1**	-67.8	-63.6	**-57.4**	**0.160**	0.165	**0.406**
1.300	10	**1.324**	**-235.8**	-239.3	-227.4	**-153.4**	**1.338**	1.335	**1.267**
2.500	**Netherlands** 2	**0.949**	**7.8**	10.7	-9.2	**67.9**	**0.945**	0.709	**1.659**
3.500	10	**3.415**	**-26.7**	-29.4	-18.5	**100.8**	**3.437**	3.424	**3.809**
3.200	**Portugal** 2	**1.357**	**48.6**	53.1	62.2	**82.3**	**1.369**	1.423	**1.803**
4.800	10	**4.552**	**87.0**	85.7	68.8	**172.9**	**4.588**	4.297	**4.530**
5.350	**Spain** 2	**1.288**	**41.7**	47.0	70.3	**107.5**	**1.308**	1.504	**2.055**
4.000	10	**3.916**	**23.4**	19.7	52.9	**136.7**	**3.928**	4.138	**4.168**
2.750	**Switzerland** 2	**0.362**	**-50.9**	-48.3	-16.3	**-50.4**	**0.355**	0.638	**0.476**
2.250	10	**1.948**	**-173.4**	-177.7	-157.2	**-62.4**	**1.954**	2.037	**2.177**
3.250	**U.K.** 2	**1.048**	**17.7**	19.9	44.1	**47.7**	**1.037**	1.242	**1.457**
3.750	10	**4.081**	**39.9**	43.4	31.3	**61.2**	**4.165**	3.922	**3.413**
0.875	**U.S.** 2	**0.871**	**...**	...	...	**...**	**0.838**	0.801	**0.980**
3.625	10	**3.682**	**...**	...	...	**...**	**3.731**	3.609	**2.801**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.633%**	16.11	–1.73 %	0.66 %	0.66 %	–13.40 %
10-year Treasury	**3.693**	8.30	–0.38	1.78	1.78	–3.97
7 Year Treasury	**3.122**	6.18	–0.02	2.30	2.30	...
Five-year Treasury	**2.358**	4.64	0.13	1.78	1.78	1.94
Ryan Index	**2.685**	6.68	–0.31	1.44	1.44	–1.45
3 Year Treasury	**1.423**	2.91	0.10	1.24	1.24	2.94
Two-year Treasury	**0.884**	1.98	0.04	0.82	0.82	2.28
1 Year Treasury	**0.346**	0.96	–0.01	0.19	0.19	1.32
Six-month Treasury	**0.203**	0.50	...	0.03	0.03	0.64
Ryan Cash Index-a	**0.184**	0.45	...	0.06	0.06	0.61
Three-month bill	**0.132**	0.25	0.01	0.01	0.01	0.35
One-month bill	**0.056**	0.08	...	0.01	0.01	0.13

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22875%**	0.47875%
Three month	**0.25194**	1.25625
Six month	**0.39125**	1.77250
One year	**0.85438**	2.07375

	Latest	52 wks ago
Euro Libor		
One month	**0.38375%**	1.54875%
Three month	**0.60500**	1.84938
Six month	**0.91813**	1.95500
One year	**1.20750**	2.05625
Hibor		
One month	**0.06964**	0.18929%
Three month	**0.13000**	0.79214
Six month	**0.24000**	1.14429
One year	**0.53000**	1.55857
Asian dollars		
One month	**0.2376%**	0.48%
Three month	**0.2566**	1.2513
Six month	**0.3930**	1.7500
One year	**0.8580**	2.0650

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.15%**	0.23%
U.K. (BBA)	**0.507**	0.850
Euro zone	**0.29**	1.27

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10198.83

▼ **1.48% or 153.27**

Exporters fell on worries about U.S. consumer sentiment. Sony fell 2.5% and Canon shed 2.7%. Resource-linked stocks slid after gold and crude prices weakened.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**62.30**	173	–3	–1.70
Mtshbsh Fin Grp	**57.16**	450	–7	–1.53
Kawasaki Kisen K	**48.95**	330	4	1.23
Sanyo Elec	**44.59**	154	1	0.65
Clarion	**35.14**	158	7	4.64

CBN 600
China 26960.32

▲ **1.59% or 421.99**

Banks rebounded along with property firms and metal producers on bargain hunting after recent declines. Poly Real Estate rose 1.9%; developer China Vanke was up 1.1%.

Stock	Volume in millions	Close	Change Net	Change %
HaikouAgriIndustry	**183.22**	11.61	–0.99	–7.86
JinanIronSteel	**167.26**	5.71	0.44	8.35
FujianQingshPapInd	**150.68**	4.84	0.01	0.21
Icbc	**139.73**	4.83	unch	...
China State Con	**108.11**	4.31	0.05	1.17

ASX 200
Australia 4648.52

▼ **1.48% or 69.80**

Materials shares led a broad decline on disappointing U.S. confidence data. BHP Billiton declined 2.9%. Rio Tinto fell 3.2% as it went ex-dividend. Newcrest Mining slid 2.5%.

Stock	Volume in millions	Close	Change Net	Change %
GPT Group	**81.75**	0.59	–0.01	–1.67
Goodman Grp-Stpl	**70.52**	0.61	0.01	1.68
Telstra	**59.49**	2.96	–0.04	–1.33
Boart Longyear	**58.84**	0.32	–0.01	–1.56
Asciano Group	**45.81**	1.85	0.08	4.52

Kospi
South Korea 1612.83

▼ **0.99% or 16.07**

The weak U.S. confidence data hurt exporters. LG Electronics skidded 3.5%. Hyundai Motor fell 2.6% on a recall and a U.S. sales halt of its Sonata sedan to fix a door latch.

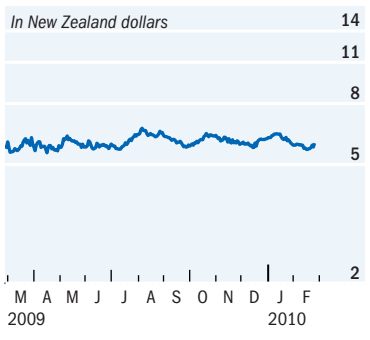
Stock	Volume in millions	Close	Change Net	Change %
Hbe Energy	**58.08**	305	–5	–1.61
Hansol Homedeco	**24.89**	2,360	160	7.27
Hanshin Mach	**21.25**	2,675	130	5.11
Baemyung Metal	**20.62**	1,545	45	3.00
Kwangmyung El	**13.61**	3,070	125	4.24

Asian stocks in the news

Contact Energy
New Zealand NZD5.89

▲ **3.0% or NZD0.17**

Investors digested Tuesday's first-half results that had sent the stock lower.



Price-to-earnings ratio	**19**
Earnings per share, past four quarters	**0.31**
Dividend yield	**4.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Utilities	**-0.5%**	-0.1%	9.5%
Contact Energy	**3.0%**	4.4%	1.6%

Transfield Services
Australia A$4.08

▲ **4.1% or A$0.16**

First-half net rose 32%. The company expects "flat to modest" growth this year.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.15**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-1.1%**	-0.5%	69.0%
Transfield Services	**4.1%**	7.4%	120.5%

Asciano Group
Australia A$1.85

▲ **4.5% or A$0.08**

The firm swung to a first-half profit and expects full-year profit to be near the top of forecasts.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.33**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-1.1%**	-0.5%	69.0%
Asciano Group	**4.5%**	4.5%	391.7%

China Zhongwang Holdings Ltd.
Hong Kong HK$6.32

▲ **5.0% or HK$0.30**

The industrial aluminum product maker said it expects 2009 net profit rose more than 70%.

Price-to-earnings ratio	**12**
Earnings per share, past four quarters	**0.54**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-2.1%**	-2.0%	85.9%
China Zhongwang Holdings Ltd.	**5.0%**	2.4%	...

Karoon Gas
Australia A$7.41

▲ **8.5% or A$0.58**

Some large share transactions cleared an overhang of shares that had restrained the stock recently.

Price-to-earnings ratio	**245**
Earnings per share, past four quarters	**0.03**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**-1.2%**	-2.0%	54.9%
Karoon Gas	**8.5%**	8.0%	160.9%

Foxconn Intl
Hong Kong HK$8.60

▼ **3.9% or HK$0.35**

Citigroup cuts its target price on the stock to HK$5.40 from HK$5.70.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.04**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**-1.5%**	-0.6%	78.2%
Foxconn Intl	**-3.9%**	1.8%	252.5%

Fairfax Media
Australia A$1.70

▼ **4.0% or A$0.07**

Traders attributed the fall to institutional holders reducing stakes despite a return to profit.

Price-to-earnings ratio	**18**
Earnings per share, past four quarters	**0.09**
Dividend yield	**0.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Media	**-1.6%**	-1.3%	55.0%
Fairfax Media	**-4.0%**	-2.3%	97.1%

Shinsei Bank
Japan ¥101

▼ **4.7% or ¥5**

The CEO said he plans to retire in June.

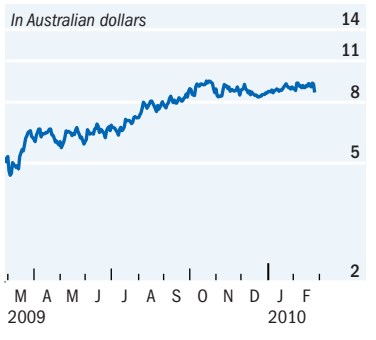
Price-to-earnings ratio	**21**
Earnings per share, past four quarters	**4.90**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**-1.4%**	-0.7%	53.7%
Shinsei Bank	**-4.7%**	...	24.7%

Suncorp-Metway
Australia A$8.62

▼ **6.4% or A$0.59**

First-half net rose 41%, but the firm cut its dividend and said it must work to improve margins.



Price-to-earnings ratio	**27**
Earnings per share, past four quarters	**0.32**
Dividend yield	**2.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**-1.4%**	-0.7%	53.7%
Suncorp-Metway	**-6.4%**	-6.7%	72.4%

Showa Shell Sekiyu
Japan ¥629

▼ **9.9% or ¥69**

The company said it will halve its dividend to 18 yen a share for year ending December.

Price-to-earnings ratio	**233**
Earnings per share, past four quarters	**2.70**
Dividend yield	**2.9**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**-1.2%**	-2.0%	54.9%
Showa Shell Sekiyu	**-9.9%**	-10.8%	-20.1%

HEARD ON THE STREET

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Beyond CICC's warts

Kohlberg Kravis Roberts and **TPG Capital** are close to paying $1 billion for nearly a third of China's leading investment bank, **China International Capital Corp.**

Their best hope of profiting from the deal is if the sheer force of China's fast-growing capital markets overshadows some of the company's less attractive aspects.

In buying the stake from **Morgan Stanley**, the private-equity firms will pick up a piece of a major player in Chinese financial services. CICC topped the Chinese league tables for equity capital markets and merger-and-acquisition advisory work last year, according to Dealogic.

Its post-tax profits for the first eight months of 2009 already exceeded its total 2008 earnings.

But the deal price hints at issues that these bare facts hide.

At about 28 times 2009 earnings, based on grossed up figures and accounting for dilution from so-called phantom shares issued to CICC staff that will crystallize in any IPO, the deal values CICC below many similar-size listed Chinese securities firms.

For starters, the phantom shares, awards that effectively give CICC staff a claim to profits, are a cloud on any potential offering. Just how these will be converted to ordinary shares is unclear, as is regulatory approval for the plan.

Moreover, CICC's conservative culture means it has missed out on a key opportunity that higher-valued companies have benefited from: China's fast-growing retail brokerage space.

Even CICC's trump card, Chief Executive Levin Zhu, the son of former Chinese premier Zhu Rongji, carries a risk.

It is a perennial concern in China: Political fashions might turn, leaving him with less influence and putting CICC's institutional resilience to the test.

Morgan Stanley's experience suggests investors can't always expect to get what they want from CICC.

The U.S. bank bought its stake in 1995 aiming to have a say in how CICC was run, but following management and cultural clashes, it has been a passive stakeholder since the early 2000s.

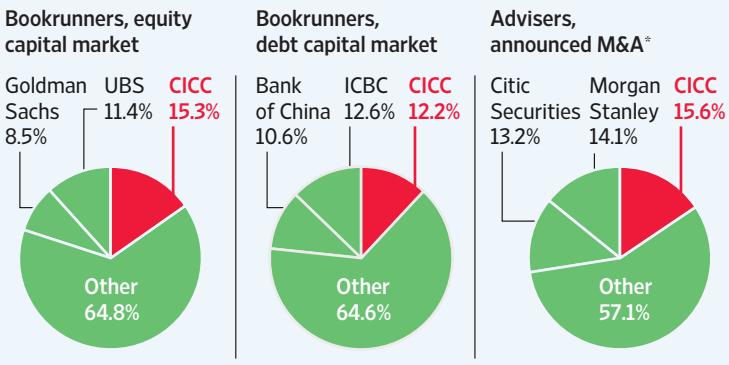
That passive role might not bother the new owners much. For all of Morgan Stanley's frustrations, it is still about to unload for $1 billion the investment it initially bought for $35 million.

Financial success on that scale will be extremely difficult to replicate. But simply getting CICC's shares listed could unlock enough value to cover over the company's warts.

—Andrew Peaple

Big slice

Investment-banking results, percentage share of China deal volumes, 2009



*Based on deal value, adviser parent

Source: Dealogic IB Review

Platinum and palladium could be white-hot wins

Platinum and palladium could prove to be white-hot investments this year. U.S. investor demand for newly launched exchange-traded funds, coupled with recovering industrial demand and constrained new mine supply, make for a promising mix.

Platinum and palladium have bucked the weaker commodities trend this year. Platinum is up about 1% at $1,535 an ounce, with palladium 5% higher at $445 an ounce, well above 2009 lows of $920 and $180 respectively.

At first glance, this resilience is surprising. There have been no serious disruptions at South African mines, responsible for 80% of world platinum output. The outlook for the auto industry in the U.S. and Europe, a major consumer of the metals used in catalytic converters, is improved but far from rosy as governments phase out subsidies that prevented a slump in 2009.

So what has changed? Key is the opening up of platinum and palladium for U.S. investors with the launch of the first physically backed exchange-traded products on Jan. 8. Gold and silver exchange-traded funds have existed for years. Platinum and palladium ETFs were launched in Europe in 2007, but U.S. regulators had misgivings. Platinum and palladium are relatively illiquid markets. Investment demand could restrict metal available for industry. The recession lowered that risk, which was further reduced by ETF Securities agreeing to cap the size of platinum and palladium issues.

U.S. investors have jumped at the chance, plowing more than $500 million into the metals so far. That has pushed the value of all platinum and palladium holdings to $1.4 billion and $647 million, respectively, in February, according to Barclays Capital. In contrast, the overall value of commodity-based funds under management has fallen from a year ago. Barcap reckons there is room for growth if the U.S. share of platinum and palladium ETFs matches that of gold and silver products.

Of course, investment flows can reverse, as the soft silver market has shown this year. A rise in interest rates would dent the appeal of zero-yielding assets like metals and ETFs. In palladium's case, large stockpiles in Russia, the biggest supplier, ensure the market is rarely out of kilter for long. Still, platinum's outlook looks shinier as auto makers restock. Wage inflation, rising energy costs, and the strong rand are squeezing margins at South African platinum mines, including at **Anglo American**, the biggest producer. With Anglo under shareholder pressure to turn the business around, it might ultimately be production volumes that have to give. That would fire up platinum prices some more.

—Matthew Curtin

IPO bankers in South Korea get happy

Just in the nick of time. The board of South Korea's **National Pension Service** approved a change on Wednesday that will allow the $240 billion fund to buy into initial public offerings in the country.

Unremarkable in ordinary circumstances (other state-run funds buy into public offerings), the move highlights expectations that 2010 is going to be South Korea's biggest-ever year for IPOs. Companies are dusting off plans to list shares, many of which were delayed as Korean stock prices spiraled downward in 2008.

Already in the pipeline are about $5.5 billion worth of issuance, mostly from insurance companies like **Samsung Life Insurance** and **Korea Life Insurance**, meaning the value of deals this year should easily surpass 2006's record $4.8 billion. That amount, however, could easily double, analysts speculate.

The NPS decision, which needs final approval from the government, means the fund can serve as a ready buyer for these issues.

Domestic institutional investors remain sellers of Korean stocks, which they have largely been for almost a year, and foreign buying is tapering off.

The pension fund, meanwhile, is boosting its investment in Korean stocks. Its 2010 goal is to increase domestic stock ownership to 16.6% of its portfolio from about 13% at the end of 2009. That equals almost $9 billion in additional investment, given the fund's current size.

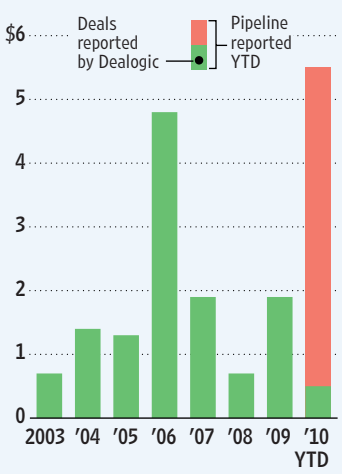
For sure, this move will bother those who think of IPOs as a chance for the Korean government to water down its involvement with many of the companies in question. Some of the 210 million shares Korea Life plans to sell next month are owned by the Korea Deposit Insurance Corp., for example.

But one thing is for sure: The grins worn by IPO bankers in Seoul just grew a little wider.

—Mohammed Hadi

IPOpalooza!

New listing volume in South Korea, in billions of U.S. dollars



Sources: Dealogic, WSJ reporting (pipeline); Bloomberg News (photo)

Right: Samsung Life Insurance employees leave the company's headquarters in Seoul.

Wheels fall off Chinese deal for Hummer

If the fat lady isn't in full voice for **Sichuan Tengzhong**'s acquisition plans, she's certainly humming.

The heavy-equipment maker has been told its $150 million bid to buy Hummer from **General Motors** will effectively be blocked by Beijing. The Hummer isn't exactly what China has in mind in its push for widespread use of fuel-efficient, environmentally friendly vehicles.

And while there is government support for Chinese companies making acquisitions abroad, Beijing is also keen to prevent potentially embarrassing deals. Tengzhong has never manufactured a passenger car and could well have struggled with labor-relations issues in the U.S.

There is talk that Tengzhong could get around restrictions by purchasing Hummer through an offshore company. That, though, might complicate its plans to build and sell Hummers in China, negating much of the acquisition's potential merits.

The lesson is clear: China may have oodles of foreign exchange with which to back its firms' overseas-expansion efforts, but if those moves don't fit with policy ambitions, they aren't likely to bear fruit.

—Andrew Peaple

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